HEALTH SERVICES AND DEVELOPMENT AGENCY OCTOBER 25, 2017 APPLICATION SUMMARY

NAME OF PROJECT:

Saint Thomas Highlands Hospital, LLC

PROJECT NUMBER:

CN1706-020

ADDRESS:

401 Sewell Road

Sparta (White County), TN 38583

LEGAL OWNER:

Saint Thomas Highlands Hospital, LLC

401 Sewell Road

Sparta (White County), TN 38583

OPERATING ENTITY:

N/A

CONTACT PERSON:

Blake Estes

(615) 222-7235

DATE FILED:

June 14, 2017

PROJECT COST:

\$358,226

FINANCING:

Cash Reserves of St. Thomas Health

REASON FOR FILING:

Expansion of an existing inpatient geriatric psychiatric unit from 10 to 14 beds through the redistribution of 4 existing Medical/Surgical beds. The hospital's total 60 licensed bed complement will

remain unchanged

DESCRIPTION:

Saint Thomas Highlands Hospital, LLC (STHH), is a 60 licensed bed acute care hospital located in White County. The hospital is seeking approval to expand its inpatient geriatric psychiatric unit from 10 to 14 beds. The expansion of the unit will be accomplished without increasing STHH's 60 bed complement by redistributing 4 of its medical/surgical beds.

SERVICE SPECIFIC CRITERIA AND STANDARD REVIEW:

Psychiatric Inpatient Services

Standards and Criteria

1. Determination of Need: The population-based estimate of the total need for psychiatric inpatient services is a guideline of 30 beds per 100,000 general population, using population estimates prepared by the TDH and applying the applicable data in the Joint Annual Report (JAR). These estimates represent gross bed need and shall be adjusted by subtracting the existing applicable staffed beds including certified beds in outstanding CONs operating in the area as counted by the TDH in the JAR. For adult programs, the age group of 18-64 years shall be used in calculating the estimated total number of beds needed; additionally, if an applicant proposes a geriatric psychiatric unit, the age range 65+ shall be used. For child inpatients, the age group is 12 and under, and if the program is for adolescents, the age group of 13-17 shall be used. The HSDA may take into consideration data provided by the applicant justifying the need for additional beds that would exceed the guideline of 30 beds per 100,000 general population. Special consideration may be given to applicants seeking to serve child, adolescent, and geriatric inpatients. Applicants may demonstrate limited access to services for these specific age groups that supports exceeding the guideline of 30 beds per 100,000 general population. An applicant seeking to exceed this guideline shall utilize TDH and TDMHSAS data to justify this projected need and support the request by addressing the factors listed under the criteria "Additional Factors".

Service Area	Ad	lation lult 5+	Gross Need Pop. X (30 Beds/100,000)		Current Beds	65 +Net N	
	2019	2021	2019	2021	65+	2019	2021
Cumberland,	45,514	50,817	13.7	14.7	10	3.7	4.7
Putnam, Van							
Buren, and							
White Counties							

There are 10 geriatric psychiatric beds in the primary service area. Subtracting the 10 beds from the 2019 13.7 geriatric (65+) bed need and from the 2021 14.7 geriatric (65+) psychiatric bed need results in a net bed need of 3.7 beds and 4.7 beds, respectively.

When considering only geriatric beds 65 years of age and over, it appears that this criterion has been met.

Note to Agency members: TDMHSAS reports generally note that the application of the formula sometimes results in an underestimation of the number of inpatient psychiatric beds needed.

- **2. Additional Factors:** An applicant shall address the following factors:
- a. The willingness of the applicant to accept emergency involuntary and nonemergency indefinite admissions;

The applicant does not accept involuntary admissions or nonemergency indefinite admissions.

b. The extent to which the applicant serves or proposes to serve the TennCare population and the indigent population;

The applicant projects a payor mix of 10.1% TennCare, 89.7% Medicare, and 0.2% Commercial Insurance in Year One. No charity care is projected in Year One and Year Two.

c. The number of beds designated as "specialty" beds (including units established to treat patients with specific diagnoses);

The applicant's proposed 4 beds will be designated as geriatric beds to serve patients Age 55+.

d. The ability of the applicant to provide a continuum of care such as outpatient, intensive outpatient treatment (IOP), partial hospitalization, or refer to providers that do;

The applicant's program focuses on geriatric inpatient psychiatric services; however the applicant maintains a geropsychiatric outpatient clinic. In Supplemental #1, the applicant identifies two intensive outpatient programs and two partial hospitalization programs, one each in Crossville (Cumberland County) and one of each in Cookeville (Putnam County). The applicant also has noted that true involuntary admissions may be referred to St. Thomas Stones River Hospital in Cannon County, TriStar Skyline Medical Center in Davidson County, and TrustPoint Hospital in Rutherford County.

e. Psychiatric units for patients with intellectual disabilities;

The applicant does not serve patients with intellectual disabilities.

f. Free standing psychiatric facility transfer agreements with medical inpatient facilities;

The geriatric inpatient psychiatric unit is part of a general acute care hospital.

g. The willingness of the provider to provide inpatient psychiatric services to all populations (including those requiring hospitalization on an involuntary basis, individuals with co-occurring substance use disorders, and patients with comorbid medical conditions); and

STHH serves emergency patients who present; however the geriatric inpatient psychiatric unit does not admit involuntary admissions or individuals with co-occurring substance abuse disorders. Since the psychiatric unit is part of an acute care hospital, patients with comorbid medical conditions can be treated.

h. The applicant shall detail how the treatment program and staffing patterns align with the treatment needs of the patients in accordance with the expected length of stay of the patient population.

The applicant is an existing inpatient psychiatric provider with treatment protocols and staffing patterns consistent with treatment needs.

i. Special consideration shall be given to an inpatient provider that has been specially contracted by the TDMHSAS to provide services to uninsured patients in a region that would have previously been served by a state operated mental health hospital that has closed.

The applicant does not have any special contracts with TDMHSAS for uninsured patients

j. Special consideration shall be given to a service area that does not have a crisis stabilization unit available as an alternative to inpatient psychiatric care.

A crisis stabilization unit (CSU) is available in Cookeville, Putnam County. The applicant states that this CSU will accept geriatric patients only if they are independent and ambulatory.

3. Incidence and Prevalence: The applicant shall provide information on the rate of incidence and prevalence of mental illness and substance use within the proposed service area in comparison to the statewide rate. Data from the TDMHSAS or the Substance Abuse and Mental Health Services Administration (SAMHSA) shall be utilized to determine the rate. This comparison may be used by the HSDA staff in review of the application as verification of need in the proposed service area.

The applicant has stated that the mental health admission rate in the service area is somewhat lower than for Tennessee overall.

Mental Health Prevalence in Past Year for Age 18+ (2012-2014)

Area	Any Mental Illness %	Serious Mental Illness %
*Region 3	20.2%	5.2%
Tennessee	20.3%	4.5%
United States	18.4%	4.1%

*Region 3 includes: Bledsoe, Bradley, Clay, Cumberland, DeKalb, Fentress, Grundy, Hamilton, Jackson, Macon, Marion, McMinn, Meigs, Overton, Pickett, Polk, Putnam, Rhea, Sequatchie, Smith, Van Buren, Warren, and White Counties
Source: TDMHSAS website

It appears that any mental health prevalence in Region 3 is similar to the prevalence overall in Tennessee and higher than US prevalence.

It appears that serious mental illness prevalence is higher in Region 3 than both Tennessee overall and US overall.

Note to Agency members: The Tennessee Department of Mental Health and Substance Abuse Services does not maintain Regional Behavioral Health Prevalence Estimates specific to ages 65 and over.

4. Planning Horizon: The applicant shall predict the need for psychiatric inpatient beds for the proposed first two years of operation.

The bed need has been projected for two years into the future (2019) and four years into the future (2021)

5. Establishment of Service Area: The geographic service area shall be reasonable and based on an optimal balance between population density and service proximity of the applicant. The socio-demographics of the service area and the projected population to receive services shall be considered. The proposal's sensitivity and responsiveness to the special needs of the service area shall be considered, including accessibility to consumers, particularly women, racial and ethnic minorities, low income groups, other medically underserved populations, and those who need services involuntarily. The applicant may also include information on patient origination and geography and transportation lines that may inform the determination of need for additional services in the region.

Based on patient origin for the hospital, the applicant expects that over 90% of the geriatric psychiatric inpatients will reside in the service area.

It appears that this criterion has been met.

Note to Agency members: There was no data in the applicant's 2016 Joint Annual Report that corroborated this assertion.

6. Composition of Services: Inpatient hospital services that provide only substance use services shall be considered separately from psychiatric services in a CON application; inpatient hospital services that address co-occurring substance use/mental health needs shall be considered collectively with psychiatric services. Providers shall also take into account concerns of special populations (including, e.g., supervision of adolescents, specialized geriatric, and patients with comorbid medical conditions).

The composition of population served, mix of populations, and charity care are often affected by status of insurance, TennCare, Medicare, or TriCare; additionally, some facilities are eligible for Disproportionate Share Hospital payments based on the amount of charity care provided, while others are not. Such considerations may also result in a prescribed length of stay.

The addition of four beds is not expected to significantly change the current payor mix. The applicant does not provide substance abuse services.

7. Patient Age Categorization: Patients should generally be categorized as children (0-12), adolescents (13-17), adults (18-64), or geriatrics (65+). While an adult inpatient psychiatric service can appropriately serve adults of any age, an applicant shall indicate if they plan to only serve a portion of the adult

population so that the determination of need may be based on that age-limited population. Applicants shall be clear regarding the age range they intend to serve; given the small number of hospitals who serve younger children (12 and under), special consideration shall be given to applicants serving this age group. Applicants shall specify how patient care will be specialized in order to appropriately care for the chosen patient category.

The applicant focuses on patients Age 65+; however historically 8.5% of the patients have been Age 55-64.

8. Services to High-Need Populations: Special consideration shall be given to applicants providing services fulfilling the unique needs and requirements of certain high-need populations, including patients who are involuntarily committed, uninsured, or low-income.

The applicant will not accept involuntary admissions. The applicant projects a payor mix of 10.1% TennCare in Year One. The applicant projects no charity care because due to the age of the patients Medicare covers the majority of reimbursement followed by TennCare to a lesser extent. The applicant notes that this program will continue to follow the St. Thomas Health indigent and charity care guidelines.

9. Relationship to Existing Applicable Plans; Underserved Area and Populations: The proposal's relationships to underserved geographic areas and underserved population groups shall also be a significant consideration. The impact of the proposal on similar services in the community supported by state appropriations shall be assessed and considered; the applicant's proposal as to whether or not the facility takes voluntary and/or involuntary admissions, and whether the facility serves acute and/or long-term patients, shall also be assessed and considered. The degree of projected financial participation in the Medicare and TennCare programs shall be considered.

The applicant notes that their geriatric psychiatric inpatient program is the only one of its kind in the service area which treats Medicare patients and patients with medical comorbidities.

Relationship to Existing Similar Services in the Area: The proposal shall discuss what similar services are available in the service area and the trends in occupancy and utilization of those services. This discussion shall also include how the applicant's services may differ from existing services (e.g., specialized treatment of an age-limited group, acceptance of involuntary admissions, and

differentiation by payor mix). Accessibility to specific special need groups shall also be discussed in the application.

There are no other geriatric inpatient psychiatric programs in the service area. There is one adult inpatient psychiatric program in Putnam County, Ten Broeck Tennessee, owned by PremierCare Tennessee, a 32 bed mental health hospital providing adult inpatient psychiatric care. In 2016, this hospital provided 7,181 patient days of care, 194 or 2.7% of the patient days were for patients Age 65+. The Joint Annual Report does not have a breakdown for patients Age 55-64.

10. Expansion of Established Facility: Applicants seeking to add beds to an existing facility shall provide documentation detailing the sustainability of the existing facility. This documentation shall include financials, and utilization rates. A facility seeking approval for expansion should have maintained an occupancy rate for all licensed beds of at least 80 percent for the previous year. The HSDA may take into consideration evidence provided by the applicant supporting the need for the expansion or addition of services without the applicant meeting the 80 percent threshold. Additionally, the applicant shall provide evidence that the existing facility was built and operates, in terms of plans, service area, and populations served, in accordance with the original project proposal.

The applicant's existing 10 bed geriatric inpatient unit operated at 84% occupancy in 2016.

It appears that this criterion <u>has been met.</u>

11. Licensure and Quality Considerations: Any existing applicant for this CON service category shall be in compliance with the appropriate rules of the TDH and/or the TDMHSAS. The applicant shall also demonstrate its accreditation status with the Joint Commission, the Commission on Accreditation of Rehabilitation Facilities (CARF), or other applicable accrediting agency. Such compliance shall provide assurances that applicants are making appropriate accommodations for patients (e.g., for seclusion/restraint of patients who present management problems, and children who need quiet space). Applicants shall also make appropriate accommodations so that patients are separated by gender in regards to sleeping as well as bathing arrangements. Additionally, the applicant shall indicate how it would provide culturally competent services in the service area (e.g., for veterans, the Hispanic population, and LBGT population).

The applicant is licensed by the Tennessee Department of Health and accredited by the Joint Commission. The applicant does not utilize seclusion or restraints and provides care to all patients regardless of sex, race, ethnicity, or income.

It appears that this criterion <u>has been met.</u>

12. Institution for Mental Disease Classification: It shall also be taken into consideration whether the facility is or will be classified as an Institution for Mental Disease (IMD). The criteria and formula involve not just the total number of beds, but the average daily census (ADC) of the inpatient psychiatric beds in relation to the ADC of the facility. When a facility is classified as an IMD, the cost of patient care for Bureau of TennCare enrollees aged 21-64 will be reimbursed using 100 percent state funds, with no matching federal funds provided; consequently, this potential impact shall be addressed in any CON application for inpatient psychiatric beds.

The applicant is not classified as an IMD and the addition of four beds will not change that classification.

13. Continuum of Care: Free standing inpatient psychiatric facilities typically provide only basic acute medical care following admission. This practice has been reinforced by Tenn. Code Ann. § 33-4-104, which requires treatment at a hospital or by a physician for a physical disorder prior to admission if the disorder requires immediate medical care and the admitting facility cannot appropriately provide the medical care. It is essential, whether prior to admission or during admission, that a process be in place to provide for or to allow referral for appropriate and adequate medical care. However, it is not effective, appropriate, or efficient to provide the complete array of medical services in an inpatient psychiatric setting.

Not applicable. The applicant is not a freestanding inpatient psychiatric facility. It is an acute care hospital that has a geriatric inpatient psychiatric unit.

14. Data Usage: The TDH and the TDMHSAS data on the current supply and utilization of licensed and CON-approved psychiatric inpatient beds shall be the data sources employed hereunder, unless otherwise noted. The TDMHSAS and the TDH Division of Health Licensure and Regulation have data on the current number of licensed beds. The applicable TDH JAR provides data on the number of beds in operation. Applicants should utilize data from both sources in order to provide an accurate bed inventory.

The applicant used data from the TDH and TDMHSAS.

It appears that this criterion has been met.

15. Adequate Staffing: An applicant shall document a plan demonstrating the intent and ability to recruit, hire, train, assess competencies of, supervise, and retain the appropriate numbers of qualified personnel to provide the services described in the application and that such personnel are available in the proposed Service Area. Each applicant shall outline planned staffing patterns including the number and type of physicians. Additionally, the applicant shall address what kinds of shifts are intended to be utilized (e.g., 8 hour, 12 hour, or Baylor plan). Each unit is required to be staffed with at least two direct patient care staff, one of which shall be a nurse, at all times. This staffing level is the minimum necessary to provide safe care. The applicant shall state how the proposed staffing plan will lead to quality care of the patient population served by the project.

However, when considering applications for expansions of existing facilities, the HSDA may determine whether the existing facility's staff would continue without significant change and thus would be sufficient to meet this standard without a demonstration of efforts to recruit new staff.

A staffing chart is provided on page 45 of the application. The project will require 4.6 additional FTEs.

It appears that this criterion <u>has been met.</u>

16. Community Linkage Plan: The applicant shall describe its participation, if any, in a community linkage plan, including its relationships with appropriate health care system providers/services and working agreements with other related community services assuring continuity of care (e.g., agreements between freestanding psychiatric facilities and acute care hospitals, linkages with providers of outpatient, intensive outpatient, and/or partial hospitalization services). If they are provided, letters from providers (e.g., physicians, mobile crisis teams, and/or managed care organizations) in support of an application shall detail specific instances of unmet need for psychiatric inpatient services. The applicant is encouraged to include primary prevention initiatives in the community linkage plan that would address risk factors leading to the increased likelihood of Inpatient Psychiatric Bed usage.

The applicant states that its high occupancy demonstrates effective community linkage. The applicant also includes three letters of support from area providers.

17. Access: The applicant must demonstrate an ability and willingness to serve equally all of the patients related to the application of the service area in which it seeks certification. In addition to the factors set forth in HSDA Rule 0720-11-.01(1) (listing the factors concerning need on which an application may be evaluated), the HSDA may choose to give special consideration to an applicant that is able to show that there is limited access in the proposed service area.

The applicant provides the only geropsychiatric services in its 4 county service area and is requesting the 4 additional beds to meet the growing needs of the service area.

It appears that this criterion has been met.

18. Quality Control and Monitoring: The applicant shall identify and document its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring system. An applicant that owns or administers other psychiatric facilities shall provide information on their surveys and their quality improvement programs at those facilities, whether they are located in Tennessee or not.

The applicant will continue to monitor quality and outcomes.

19. Data Requirements: Applicants shall agree to provide the TDH, the TDMHSAS, and/or the HSDA with all reasonably requested information and statistical data related to the operation and provision of services at the applicant's facility and to report that data in the time and format requested. As a standard of practice, existing data reporting streams will be relied upon and adapted over time to collect all needed information.

The applicant agrees to provide all reasonably requested information.

STAFF SUMMARY

Note to Agency members: This staff summary is a synopsis of the original application and supplemental responses submitted by the applicant. Any HSDA Staff comments will be presented as a "Note to Agency members" in bold italics.

Application Synopsis

St. Thomas Highlands Hospital (STHH) is a 60 bed acute care hospital located at 401 Sewell Road, Sparta (White County).

The applicant is proposing to increase its geriatric inpatient psychiatric unit (GPU) from 10 to 14 total beds by converting four existing medical/surgical beds to psychiatric beds. The 60 licensed bed complement of STTH will remain unchanged.

Common diagnoses with older adults are Alzheimer's/dementia (65%) and depression/anxiety (16%).

The appliance expects the additional 4 beds to be operational by January 2018.

Facility Information

- All licensed beds in the applicant's adult psychiatric unit will consist of semi-private beds.
- The entry doors to the GPU will be moved to accommodate two additional patient rooms.
- The proposed project will add 900 square feet to the unit.
- A plot plan is located in Tab 4, Attachment Section A-6B-(1) that displays the location of the proposed additional 4 beds.

Utilization statistics of the applicant's 10-bed geriatric psychiatric unit, and the 60 licensed beds overall are presented in the chart below:

Historical Utilization, STHH

Variable	Licensed Beds- 2016	Staffed Beds- 2016	Licensed Occupancy 2014	Licensed Occupancy 2015	Licensed Occupancy 2016
STHH-GPU	10	10	77.3%	84.4%	84.1%
STHH-Total	60	16	25.8%	24.3%	23.1%

Source: JAR

The following provides the Department of Health's definition of the two bed categories pertaining to occupancy information provided in the Joint Annual Reports:

Licensed Beds- The maximum number of beds authorized by the appropriate state licensing (certifying) agency or regulated by a federal agency. This figure is broken down into adult and pediatric beds and licensed bassinets (neonatal intensive or intermediate care bassinets).

Staffed Beds-The total number of adult and pediatric beds set up, staffed and in use at the end of the reporting period. This number should be less than or equal to the number of licensed beds.

Ownership

- Highlands Hospital entered into a partnership with St. Thomas Health in 2012 and was acquired outright in 2015.
- St. Thomas Highlands Hospital, LLC is owned by St. Thomas Regional Hospitals, which is owned by St. Thomas Health. St. Thomas is part of Ascension, which is the largest non-profit health system in the United States and the world's largest Catholic health system.

Management

• The applicant is self-managed.

History

According to the applicant the GPU opened in 1992.

NEED

Project Need

The applicant provides the following need justification in the application:

- The bed need formula indicates a need for four additional inpatient geriatric psychiatric beds in the service area.
- The current ten bed unit operated in excess of 84% occupancy in 2015 and 2016.
- The applicant indicates that for a 181 day period ending April 30, 2017, occupancy was greater than 90%, 73.5% of the time.
- The senior population is growing in the Upper Cumberland Region.
- More patients are suffering from Alzheimer's, dementia, etc.
- Extra capacity at STHH will allow more patients to be served and served more quickly.

Service Area Demographics

The applicant identifies 4 counties as its service area: Cumberland, Putnam, Van Buren, and White Counties. This service area accounted for approximately 90.5%

of the total hospitals patients in 2016 as follows: White (61.3%), Putnam (13.4%), Cumberland (9.1%), and Van Buren (6.7%)

- The total population of the service area is estimated at 177,127 residents in Calendar Year (CY) 2017 increasing 5.0% to 185,929 in CY2021.
- The overall statewide population is projected to grow 4.2% from CY2017 to CY2021.
- The geriatric population (age 65 and over) of the PSA is expected to increase by approximately 15.4% from 42,302 in CY2017 to 48,836 in CY2021 compared to an estimated 15.8% increase statewide. The PSA's Age 65+ population in CY2021 is projected to account for approximately 26.3% of its total population compared to 18.3% statewide.
- Approximately 21.7% of the PSA's residents were enrolled in TennCare compared with a statewide average of 20.7%. The proportion of TennCare enrollment to the service area's total population ranges from 20.4% in Cumberland County to 25.4% in White County.

Service Area Historical Utilization

The applicant is the only geriatric inpatient psychiatric provider in the service area. Ten Broeck Tennessee is a 32 bed mental health hospital in Cookeville, Putnam County, with 32 adult psychiatric inpatient beds.

- Patients age 65 and younger admitted to the applicant's GPU accounted for approximately 8% of total patient days (PDs) in CY2016.
- In contrast, patients of the Age 65 and younger group accounted for over 97% of Ten Broeck's patient days in 2016.
- This data supports that the applicant primarily serves geriatric inpatients while Ten Broeck primarily serves adult patient under Age 65.
- Both programs in the service area demonstrated growth in inpatient psychiatric services. Between 2014 and 2016 inpatient psychiatric patient days grew 8.8% at STHH and 56.4% at Ten Broeck.

Provider Utilization Trends in Applicant's PSA

Facility	County	Total	20	14	20	15	20	16	%
		Lic'd Beds	PDs	Occ.	PDs	Occ.	PDs	Occ.	Change '14-'16
Ten	Putnam	32	4,590	39.3%	5 <i>,</i> 770	49.4%	7,181	61.5%	+56.4%
Broeck									
Hospital									
St.	White	10	2,821	77.3%	3,080	84.4%	3,069	84.1%	+8.8%
Thomas-									
Highlands									

Source: JAR

Provider Patient Mix in Applicant's PSA, 2016

Facility	County	Total Lic'd Beds	Age 18- 64 PDs	% Total	Age 65+ PDs	% Total	Total PDs
Ten Broeck Tennessee	Putnam	32	6,987	97.3%	194	2.7%	7,181
STHH	White	10	246	8.0%	2,823	92.0%	3,069

Source: JAR

Applicant Psychiatric Unit Projected Utilization

The applicant's projected utilization for the GPU is presented in the table below:

Year	Beds	ADC	% Occupancy	ALOS
Year 1 (2018)	14	9.0	64.3%	11.3
Year 2 (2019)	14	11.8	84.0%	11.3

Source: CN1706-020

ECONOMIC FEASIBILITY

Project Cost

Major costs are:

- Construction/Renovation Cost + Contingency-\$239,701, or 66.9% of cost.
- Architectural and Engineering Fees- \$45,525, or 12.7% of the total cost.
- For other details on Project Cost, see the Project Cost on page 36 in the original application.
- The renovated construction cost is \$227.45 per square foot. As reflected in the table below, the renovated construction cost is between the second and third quartile of statewide hospital renovated construction projects from 2014 to 2016.

Statewide Hospital Construction Cost per Square Foot 2014-2016

2011 2010						
	Renovated	New	Total			
	Construction	Construction	Construction			
1st Quartile	\$160.66/sq. ft.	\$260.18/sq. ft.	\$208.97/sq. ft.			
Median	\$218.86/sq. ft.	\$289.85/sq. ft.	\$274.51/sq. ft.			
3rd Quartile	\$287.95/sq. ft.	\$395.94/sq. ft.	\$330.50/sq. ft.			

Source: HSDA Applicant's Toolbox

Financing

A June 27, 2017 letter from Saint Thomas Health's Vice President, Finance confirms that Saint Thomas Health has sufficient resources available to fund the proposed project.

Unaudited financial statement for STHH indicates that on March 31, 2017 there were cash and cash equivalents of \$29,000, current assets of \$19,167,000, total current liabilities of \$15,890,000 and a current ratio (Current Assets/Current Liabilities) of 1.21 to 1.0.

The applicant also provided unaudited financial statements for St. Thomas West. The applicant notes that St. Thomas Health utilizes a centralized cash management system with the funds reported under the name of St. Thomas West Hospital. On March 31, 2017 there were cash and cash equivalents of \$10,809,000, current assets of \$890,340,000, total current liabilities of \$842,028,000 and a current ratio (Current Assets/Current Liabilities) of 1.06 to 1.0.

According to the audited financial statement of Ascension, the parent of St. Thomas Health, on June 30, 2016, Ascension reported cash and cash equivalents of \$697,237,000, current assets of \$5,393,180,000, total current liabilities of \$5,394,205,000 and a current ratio (Current Assets/Current Liabilities) of 0.998 to 1.0.

Note to Agency members: Current ratio is a measure of liquidity and is the ratio of current assets to current liabilities which measures the ability of an entity to cover its current liabilities with its existing current assets. A ratio of 1:1 would be required to have the minimum amount of assets needed to cover current liabilities.

Historical Data Chart Total Facility

- According to the Historical Data Chart, STHH reported positive net operating income in the following three previous years: \$2,478,780 for 2014; \$1,486,372 for 2015; and \$1,860,979 for 2016.
- Deductions from gross operating revenue decreased from \$90,446,000 in 2014 to \$85,796,069 in 2016.
- STTH reported charity care of \$373,461in 2014 increasing to \$1,747,582 in 2016.

GPU

• According to the Historical Data Chart, the GPU reported positive Net Balance (Net Income - (Annual Principal Debt Repayment + Annual

- Capital Expenditures)) in the following three previous years: \$5,689,908 for 2014; \$6,775,960 for 2015; and \$6,170,124 for 2016.
- Deductions from gross operating revenue increased 39.4% from \$2,552,874 in 2014 to \$3,557,546 in 2015.
- The GPU did not report any provisions for Charity Care.

Projected Data Chart

Project Only (14 GPU beds)

The applicant projects \$12,064,955 in total gross revenue on 3,535 days during the first year of operation and \$15,750,995 on 4,615 days in Year Two (approximately \$3,413 per day). The Projected Data Chart reflects the following:

- Net operating income for the applicant is projected to be \$6,635,884 in Year One increasing to \$8,629,087 in Year Two.
- Net operating revenue after contractual adjustments is expected to reach \$10,286,835 or approximately 65% of total gross revenue in Year Two.
- The applicant does not designate any charity care in Year One and Year Two.

Total Hospital

The applicant projects \$120,905,626 in total gross revenue during the first year of operation and \$122,719,211 in Year Two. The Projected Data Chart reflects the following:

- Net operating income is projected to be \$1,345,412 in Year One decreasing to \$1,254,046 in Year Two.
- Net operating revenue after contractual adjustments is expected to reach \$24,009,753 or approximately 19.6% of total gross revenue in Year Two.
- Charity care totals \$4,191,597 in Year Two.

Charges

In Year One of the proposed project the average charges are as follows:

- The proposed average gross charge is \$3,413/day in 2018.
- The average deduction is \$1,161/day, producing an average net charge of \$2,229/day.

Medicare/TennCare Payor Mix

The applicant's projected payor mix in the first year of the project for the 14 bed unit is displayed in the following table:

Payor Source	Projected Gross Operating	% Total
	Revenue	Revenue
Medicare/Medicare Managed Care	\$10,824,718	89.7%
TennCare/Medicaid	\$1,222,419	10.1%
Commercial/Other Managed Care	\$17,818	0.2%
Self-Pay	\$0	0%
Charity Care	\$0	0%
Other	\$0	0%
TOTAL	\$12,064,955	100.0%

Source: CN1701-002

PROVIDE HEALTHCARE THAT MEETS APPROPRIATE QUALITY STANDARDS

Licensure

• Saint Thomas Highlands Hospital is licensed by the Tennessee Department of Health.

Certification

• The applicant is currently certified by Medicare and TennCare.

Accreditation

• The applicant is accredited by The Joint Commission.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE

Agreements

• The applicant lists a number of managed care contracts on pages 46 and 47 of the original application.

Impact on Existing Providers

 The applicant states there are no other geriatric inpatient psychiatric providers in the service area. There is one adult inpatient psychiatric provider in Putnam County, Ten Broeck Hospital. That facility reported in 2016 that only 2.7% of its patient days were attributed to patients over Age 65.

Staffing

The applicant's Year One proposed direct patient care staffing includes the following:

Position	Existing FTEs	Projected Year 1
Registered Nurse	7.3	11.5
Licensed Practical Nurse	3.4	3.4
Tech	1.9	1.9
Rec. Therapists	1.0	1.0
Social Worker	1.0	1.4
Total Direct Care Positions	14.6	19.2

The applicant provided a Medial Director Renewal Agreement with Dr. Lanny Michael Leftwich, Jr., M.D., a board certified psychiatrist.

Should the Agency vote to approve this project, the CON would expire in three years.

CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT:

There are no other Letters of Intent, pending applications, denied applications, or outstanding Certificates of Need for this applicant.

Note: Saint Thomas Health has a financial interest in the proposed project and the following.

Denied Applications

Middle Tennessee Imaging, LLC d/b/a Premier Radiology, CN1605-016D, was denied at the October 26, 2016 Agency meeting for the establishment of an outpatient diagnostic center (ODC), acquisition of fixed magnetic resonance imaging (MRI) equipment, and the initiation of MRI services at 980 Professional Park Drive, Suite E in Clarksville (Montgomery County). The estimated cost was \$941,648.00. Reason for Denial: The application did not meet the statutory criteria. The imaging service is located in Clarksville (Montgomery County); there was not an opportunity to examine the need of the other 19 counties in the service area.

Saint Thomas Midtown Hospital (Emergency Department at Brentwood), CN1412-049D, was denied at the March 25, 2015 Agency meeting for the establishment of a satellite emergency department facility with 8 treatment rooms at 791 Old Hickory Boulevard, Brentwood (Davidson County), TN. The facility was planned to be physically connected to Premier Radiology. The estimated project cost was \$6,757,172.00. Reason for Denial: The application did not meet the statutory criteria. The decision was reached following consideration of the

written report of the Department of Health/Office of Health Policy, the State Health Plan, the general criteria established by Health Services and Development Agency rules, and all evidence presented in the application.

Pending Applications

Saint Thomas Rutherford Hospital, CN1707-021, has a pending application scheduled to be heard at the October 25, 2017 Agency meeting for the expansion of acute care beds by 72 beds from 198 beds to 270 beds located at 1700 Medical Center Parkway, Murfreesboro (Rutherford County), TN 37129. The estimated project cost is \$47,483,943.

Saint Thomas Surgery Center New Salem, CN1707-022, has a pending application scheduled to be heard at the October 25, 2017 Agency meeting for the establishment of a multi-specialty ambulatory surgical treatment center (ASTC) with two operating rooms and one procedure room located at 2779 New Salem Road, Murfreesboro, (Rutherford County), TN 37128. The estimated project cost is \$16,228,645.

Outstanding Certificates of Need

Middle Tennessee Imaging, LLC d/b/a Premier Radiology, CN1701-003A, has an outstanding Certificate of Need that will expire on June 1, 2019. The project was approved at the April 26, 2017 Agency meeting for the establishment of an outpatient diagnostic center (ODC), the initiation of MRI services, and the acquisition of a fixed 1.5 Tesla MRI unit and fixed 16 slice CT unit at 2723 New Salem Highway, Murfreesboro (Rutherford County), TN. In addition to MRI and CT, the ODC will provide x-ray, mammography, and ultrasound services, which will support primary care services at the newly opened Saint Thomas Health-New Salem site, south of I-24 and St. Thomas Hospital Rutherford. The estimated cost was \$2,626,335.46. Project Status: The project was recently approved.

Providence Surgery Center, CN1608-031A has an outstanding Certificate of Need that will expire on February 1, 2019. The project was approved at the December 14, 2016 Agency meeting for the conversion of an existing ambulatory surgical treatment center (ASTC), which is limited to orthopedic and pain procedures, to a multi-specialty ASTC located at 5002 Crossing Circle, Suite 110, Mount Juliet (Wilson County), TN 37122. The ASTC will include two operating rooms and one procedure room that will be re-designated as part of the proposed multi-specialty ASTC. The estimated project cost is \$235,387. Project Status: A 10/6/2017 response from a representative of the applicant states that the

applicant has successfully introduced ENT surgery services. Additional specialties will be introduced in the near future.

Baptist Plaza Surgicare, CN1307-029AM, has an outstanding Certificate of Need which was scheduled to expire on June 30, 2017. The project was approved at the October 23, 2013 Agency meeting for the relocation and replacement of the existing ASTC from 2011 Church Street Medical Plaza I Lower Level, Nashville (Davidson County) to the northeast corner of the intersection of Church Street and 20th Avenue North Nashville (Davidson County). The facility will be constructed in approximately 28,500 SF of rentable space in a new medical office building and will contain nine (9) operating rooms and one (1) procedure room. Note: Modification of the project was approved at the July 23, 2014 Agency meeting. The total estimated project cost has been reduced by approximately \$10 million. The ASTC will remain in its current location at Medical Plaza 1 on the hospital campus of Saint Thomas-Midtown and relocate from the basement to a new 3rd floor addition with slightly more space. The modification is a significant change to the project's original plan to relocate to a new building constructed on the northeast corner of Church Street and 20th Avenue North near the hospital campus. The revised estimated project cost is \$19,095,948.00. Project Status Update: An 18 month extension was granted by the Agency at the October 28, 2015 Agency meeting. An April 5, 2017 email update from a representative of the applicant stated that the facility has been open and operating since March 13, 2017. A final project report is pending.

<u>CERTIFICATE OF NEED INFORMATION FOR OTHER SERVICE AREA</u> FACILITIES:

There are no other Letters of Intent, denied or pending applications, or outstanding Certificates of Need for hospital entities proposing inpatient psychiatric beds.

PLEASE REFER TO THE REPORT BY THE DEPARTMENT OF HEALTH, DIVISION OF HEALTH STATISTICS FOR A DETAILED ANALYSIS OF THE STATUTORY CRITERIA OF NEED, ECONOMIC FEASIBILITY, HEALTH CARE THAT MEETS APPROPRIATE QUALITY STANDARDS, AND CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE IN THE AREA FOR THIS PROJECT. THAT REPORT IS ATTACHED TO THIS SUMMARY IMMEDIATELY FOLLOWING THE COLOR DIVIDER PAGE.

MAF (10/9/17)

LETTER OF INTENT



State of Tennessee Health Services and Development Agency

Andrew Jackson Building, 9th Floor 502 Deaderick Street Nashville, TN 37243

www.tn.gov/hsda

Phone: 615-741-2364

Fax: 615-741-9884

LETTER OF INTENT

The Publication of Intent is to	be published in the	The Tennessean (Name of Newspaper)	which is a newspaper
of general circulation in Day	idson, White & Surround (County)	ing, Tennessee, on or before	06/09 , 2017, (Month / day) (Year)
for one day.	1 - Santari		(Monthly day) (1 day)
<u> </u>			
This is to provide official neaccordance with T.C.A. § 6 that:	otice to the Health Servi 8-11-1601 <i>et seq.,</i> and t	ces and Development Agend the Rules of the Health Servi	cy and all interested parties, in ces and Development Agency
Saint Thomas Highla	nds Hospital, LLC	3	Hospital Provider
(Name of Applicant)		(Facility T	ype-Existing)
owned by: Saint Thomas Rec	ional Hospitals	with an ownership type of	Limited Liability Company
and to be managed by: Sai	nt Thomas Highlands Ho	spital, LLC intends to file an	application for a Certificate
of Need for [PROJECT DESCRIP	TION BEGINS HERE]: the ex	pansion of its existing gerops	sychiatric unit from ten (10)
beds to fourteen (14) beds	at 401 Sewell Road in	Sparta, TN, 38583 (White	County). At the time this
project is licensed and oper	s for patients, Saint Tho	mas Highlands Hospital will	de-license four (4) medical-
surgical beds. The project	involves the renovation	of 900 square feet of existing	hospital space. No major
medical equipment is involv	ed. Total project costs a	re estimated to be \$358,226.	A
The anticipated date of filing	the application is: June 1	4, 2017	
The contact person for this p	project is Blake Estes		Executive Director
		(Contact Name)	(Title)
who may be reached at: Sai	nt Thomas Health	102 Wood	lmont Blvd., Suite 800
	(Company Name)	(Addres	
Nashville	TN	37205	615 / 222-7235
(City)	(State)	(Zip Code)	(Area Code / Phone Number)
Jan Sal		6/8/17	Blake.Estes@sth.org
— C(8ignatur	e)	(Date)	(E-mail Address)
 	## ### 7_# _*_#_*_#_		

The Letter of Intent must be <u>filed in triplicate</u> and <u>received between the first and the tenth</u> day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency Andrew Jackson Building, 9th Floor 502 Deaderick Street Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

Original Application (COPY)

Saint Thomas Highlands Hospital

CN1706-020

1 T PHS: 40

Senior Care



SAINT THOMAS HIGHLANDS HOSPITAL, LLC SPARTA (WHITE COUNTY), TN

GEROPSYCHIATRIC 4-BED CONVERSION

CERTIFICATE OF NEED APPLICATION
JUNE 2017



State of Tennessee Health Services and Development Agency

Andrew Jackson Building, 9th Floor, 502 Deaderick Street, Nashville, TN 37243 www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

CERTIFICATE OF NEED APPLICATION

SECTION A: APPLICANT PROFILE

1.	Name of Facility, Agency, or Instituti	i <u>on</u>		
	Saint Thomas Highlands Hospital, LLC Name 401 Sewell Road Street or Route		<u>White</u> County	
	Sparta City	<u>Tennessee</u> State	<u>38583</u> Zip Code	
	Website address: <u>www.sthealth.com</u> The facility's name and address <u>must</u> sistent with the Publication of Intent.	be the name and	address of the project and <u>mus</u>	t be
2.	Contact Person Available for Respon	nses to Questions		
	Blake Estes Name Saint Thomas Health Company Name		Exec. Dir., Strategy & Planning Title blake.estes@sth.org Email address	
	102 Woodmont Blvd., Suite 800 Street or Route	Nashville City	TN 37205 State Zip Code	
	Authorized representative Association with Owner	615-222-7235 Phone Number	615-284-7403 Fax Number	

NOTE: Section **A** is intended to give the applicant an opportunity to describe the project. Section **B** addresses how the project relates to the criteria for a Certificate of Need by addressing: Need, Economic Feasibility, Contribution to the Orderly Development of Health Care, and Quality Measures.

Please answer all questions on 8½" X 11" white paper, clearly typed and spaced, single or double-sided, in order and sequentially numbered. In answering, please type the question and the response. All questions must be answered. If an item does not apply, please indicate "N/A" (not applicable). Attach appropriate documentation as an Appendix at the end of the application and reference the applicable Item Number on the attachment, i.e., Attachment A.1, A.2, etc. The last page of the application should be a completed signed and notarized affidavit.

3. SECTION A: EXECUTIVE SUMMARY

A. Overview

Please provide an overview not to exceed three pages in total explaining each numbered point.

 Description – Address the establishment of a health care institution, initiation of health services, bed complement changes, and/or how this project relates to any other outstanding but unimplemented certificates of need held by the applicant;

RESPONSE: Due to high patient utilization of an existing ten-bed geropsychiatric program, this project proposes to convert four existing medical-surgical beds to geropsychiatric beds. This approach is "bed neutral" and will not result in an increase in total licensed beds at the hospital.

Since 1992, the Senior Care program at Saint Thomas Highlands Hospital ("STHH") has been providing geropsychiatric inpatient services. Senior Care is a unit that provides optimum psychiatric care. The center specializes in working with older adults so that each person is treated as a unique and valuable individual by staff and physicians sensitive to the distinctive needs of seniors. Common diagnoses include dementia and Alzheimer's (65%) and depression and anxiety (16%).

The STHH Senior Care program is the only such inpatient program in the four county service area. STHH provides care to all patients regardless of sex, race, ethnicity or income. It also provides care to uninsured and low-income populations as well as TennCare patients. As a geropsychiatric program, the patient population is highly skewed toward Medicare patients and patients with medical comorbidities.

The ten-bed STHH Senior Care program has experienced steady and rapid (12.5%) growth in patient utilization over the past three years. It recorded 2,821 patient days in 2014, 3,080 patient days in 2015 and 3,175 patient days in 2016. The average daily census increased from 7.7 to 8.4 to 8.7 over this period. With ten beds, this amounts to utilization rates of 77%, 84% and 87%, respectively.

Even more significantly, recent data for the 181 days ending April 30, 2017 indicates that the Senior Care program operated at 90% to 100% capacity three-quarters of the time.

Provider support letters not only document STHH's existing community linkages, but they offer additional reasons to approve the four-bed conversion.

- The senior population is growing in the Upper Cumberland region.
- More patients are suffering from Alzheimer's, dementia, etc.
- Extra capacity at STHH Senior Care will allow more patient s to be served.
- Extra capacity at STHH Senior Care will allow patients to be served more quickly.

Since the STHH Senior Care program is the only such inpatient program in the service area, there is no duplication of services and there are no negative effects associated with this project. Converting four existing medical-surgical beds adjacent to the existing ten Senior Care beds at STHH was deemed the least costly, most effective and most efficient alternative to address the very high utilization of inpatient geropsychiatric beds.

There are no outstanding or unimplemented certificates of need held by the applicant.

2) Ownership structure;

<u>Response</u>: Highlands Hospital entered into a partnership with Saint Thomas Health in 2012 and was acquired outright in 2015. Saint Thomas Highlands Hospital, LLC is owned by Saint Thomas Regional Hospitals which is, in turn, owned by Saint Thomas Health. Saint Thomas is part of Ascension, the largest non-profit health system in the United States and the world's largest Catholic health system.

3) Service area;

<u>RESPONSE</u>: STHH Senior Care will continue to serve residents of White County (61% of STHH patients) and adjacent Putnam, Cumberland and Van Buren Counties (29% of STHH patients).

In 2017, the service area had an estimated senior population (age 65 and older) of 42,303. Official sources indicate that the service area senior population will grow by approximately 15.4% or 6,524 persons by 2021. This is somewhat lower growth than the 16.0% projected for Tennessee. The service area senior population is projected to comprise 26.3% of the total population, which is much greater than the 18.3% for Tennessee.

Given these population growth projections, demand for the services at STHH Senior Care is expected to increase.

4) Existing similar service providers;

<u>RESPONSE</u>: Since the STHH Senior Care program is the only such inpatient program in the service area, there is no duplication of services and there are no negative effects associated with this project.

5) Project cost;

<u>RESPONSE</u>: The cost to renovate 900 square feet of existing space is \$358,226. On a square footage basis, the project is slightly above the Tennessee median cost and compares favorably to other hospital renovation projects.

6) Funding;

RESPONSE: Funding for the project will come from STHH's corporate parent organizations (i.e., Saint Thomas Health), where the hospital cash flows are consolidated.

7) Financial Feasibility including when the proposal will realize a positive financial margin; and

RESPONSE: As indicated in the Historical Data Chart and the Projected Data Chart, the STHH Senior Care program was financially feasible with 10 beds and is expected to remain financially feasible with 14 beds.

8) Staffing

<u>RESPONSE</u>: The STHH Senior Care program is currently and appropriately staffed for a census of ten patients. A census of 12.6 patients is projected for Year 2 and will require approximately 4.6 more FTEs over the existing 15.9 FTEs. Additional staff will be recruited using the existing resources of both STHH and Saint Thomas Health.

B. Rationale for Approval

A certificate of need can only be granted when a project is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, will provide health care that meets appropriate quality standards, and will contribute to the orderly development of adequate and effective health care in the service area. This section should provide rationale for each criterion using the data and information points provided in Section B. of this application. Please summarize in one page or less each of the criteria:

1) Need:

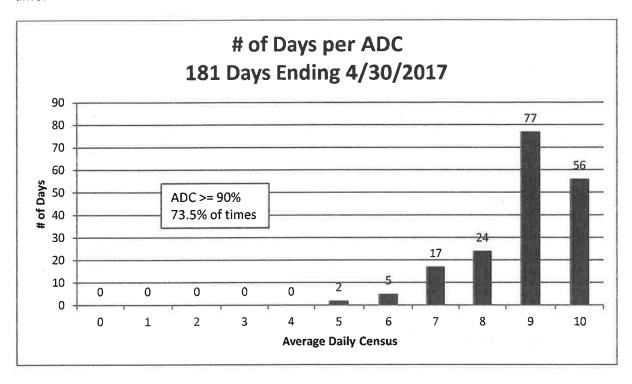
RESPONSE: Based upon STHH's existing patient origin, this project will continue to serve four counties — White, Cumberland, Putnam and Van Buren. Using the methodology in the State Health Plan for psychiatric inpatient services, there is a projected need for 4.6 additional geriatric (i.e., adults age 65+) psychiatric beds.

In addition to serving the 65+ population, 8.5% of the patients at the STHH Senior Care program are age 55-64. There is a projected need for 30.3 psychiatric beds for the 18-64 population.

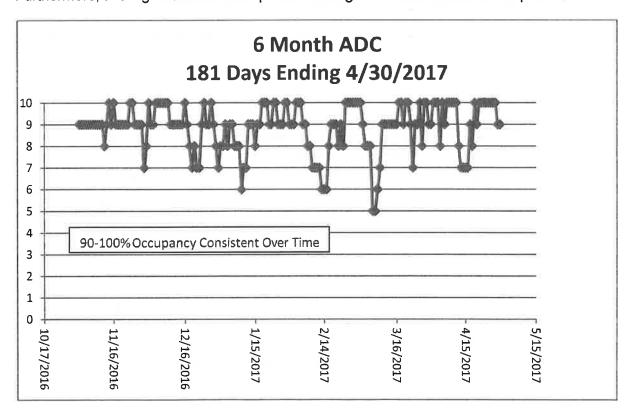
STHH is proposing to increase its geriatric psychiatric beds from 10 to 14 by converting 4 existing medical-surgical beds. This approach is "bed neutral" and will not result in an increase in total licensed beds at the hospital. STHH's project is consistent with the State Health Plan guidelines.

The ten-bed STHH Senior Care program has experienced steady and rapid (12.5%) growth in patient utilization over the past three years. It recorded 2,821 patient days in 2014, 3,080 patient days in 2015 and 3,175 patient days in 2016. The average daily census increased from 7.7 to 8.4 to 8.7 over this period. With ten beds, this amounts to utilization rates of 77%, 84% and 87%, respectively.

Even more significantly, recent data for the 181 days ending April 30, 2017 indicates that the Senior Care program operated at 90% to 100% capacity three-quarters of the time.



Furthermore, this high utilization was present throughout the entire six-month period.



Given this more recent experience, first year utilization (2018) is projected at 3,535 patient days (9.7 ADC) and second year utilization (2019) is projected at 4,615 patient days (12.6 ADC). With the four-bed conversion, the 9.7 ADC will be easily achieved with just existing patient demand. The 12.6 ADC in 2019 is certainly reasonable given that the STHH Senior Care program has been turning patients away due to a lack of available capacity. An ADC of 12.6 will result in 90% utilization on 14 beds, which is still well above the Agency's 80% target.

2) Economic Feasibility;

<u>RESPONSE</u>: As indicated in the Historical Data Chart and the Projected Data Chart, the STHH Senior Care program was financially feasible with 10 beds and is expected to remain financially feasible with 14 beds.

The cost to renovate 900 square feet of existing space is \$358,226. On a square footage basis, the project is slightly above the Tennessee median cost and compares favorably to other hospital renovation projects.

STHH provides care to all patients regardless of sex, race, ethnicity or income. It also provides care to uninsured and low-income populations as well as TennCare patients. As a geropsychiatric program, the patient population is highly skewed toward Medicare patients and patients with medical comorbidities.

3) Appropriate Quality Standards; and

RESPONSE: STHH is licensed by the state of Tennessee and is accredited by The Joint Commission. As part of the Saint Thomas Health network, STHH also has access to a full range of quality and utilization management resources.

4) Orderly Development to adequate and effective health care.

RESPONSE: The STHH Senior Care program is the only such inpatient program in the service area. Thus, there is no duplication of services and there are no negative effects associated with this project. Converting four existing medical-surgical beds adjacent to the existing ten Senior Care beds at STHH was deemed the least costly, most effective and most efficient alternative to address the very high utilization of inpatient geropsychiatric beds.

C. Consent Calendar Justification

If Consent Calendar is requested, please provide the rationale for an expedited review.

A request for Consent Calendar must be in the form of a written communication to the Agency's Executive Director at the time the application is filed.

RESPONSE: Not applicable.

4. SECTION A: PROJECT DETAILS

	Owner of the Facility, Agency or Institu	<u>tion</u>				
Α.	Saint Thomas Highlands Hospital, LLC		931-738-9211			
	Name		Phone Number			
	401 Sewell Road		White			
	Street or Route		County			
	Sparta	<u>TN</u>	38583			
	City	State	Zip Code			
В.	Type of Ownership of Control (Check O	ne)				
	A. Sole Proprietorship	_ F. Government Political Subo				
	B. Partnership C. Limited Partnership	G. Joint Venture	-			
	D. Corporation (For Profit)	H. Limited Liabili	, ,			
	E. Corporation (Not-for-	լ _. Other (Specif -	y)			
	Profit)					
<u>Des</u> stru the enti	existence. Please provide documentation of the active status of the entity from the Tennessee Secretary of State's web-site at https://tnbear.tn.gov/ECommerce/FilingSearch.aspx . RESPONSE: See TAB 1, Attachment Section A-4AB-1. Describe the existing or proposed ownership structure of the applicant, including an ownership structure organizational chart. Explain the corporate structure and the manner in which all entities of the ownership structure relate to the applicant. As applicable, identify the members of the ownership entity and each member's percentage of ownership, for those members with 5% ownership (direct or indirect) interest. RESPONSE: See TAB 2, Attachment Section A-4B-2.					
5.	Name of Management/Operating Entity	(If Applicable)				
	Not Appliable					
	Name					
	Street or Route		County			
	City	State	Zip Code			
	Website address:		İ			
For new facilities or existing facilities without a current management agreement, attach a copy of a draft management agreement that at least includes the anticipated scope of management services to be provided, the anticipated term of the agreement, and the anticipated management fee payment methodology and schedule. For facilities with existing management agreements, attach a copy of the fully executed final contract. RESPONSE: Not Applicable						

6 A .	Lega	I Interest in the Site of	the Institution	Check On	e)	
	A.	Ownership	X	D.	Option to Lease	
	B.	Option to Purchase		E.	Other (Specify)	
	C.	Lease of 15 Years				

Check appropriate line above: For applicants or applicant's parent company/owner that currently own the building/land for the project location, attach a copy of the title/deed. For applicants or applicant's parent company/owner that currently lease the building/land for the project location, attach a copy of the fully executed lease agreement. For projects where the location of the project has not been secured, attach a fully executed document including Option to Purchase Agreement, Option to Lease Agreement, or other appropriate documentation. Option to Purchase Agreements must include anticipated purchase price. Lease/Option to Lease Agreements must include the actual/anticipated term of the agreement and actual/anticipated lease expense. The legal interests described herein must be valid on the date of the Agency's consideration of the certificate of need application.

RESPONSE: See TAB 3, Attachment Section A-6A.

- 6B. Attach a copy of the site's plot plan, floor plan, and if applicable, public transportation route to and from the site on an 8 1/2" x 11" sheet of white paper, single or double-sided. <u>DO NOT SUBMIT BLUEPRINTS</u>. Simple line drawings should be submitted and need not be drawn to scale.
 - 1) Plot Plan must include:
 - a. Size of site (in acres);
 - b. Location of structure on the site;
 - c. Location of the proposed construction/renovation; and
 - d. Names of streets, roads or highway that cross or border the site.

RESPONSE: See TAB 4, Attachment Section A-6B-1.

2) Attach a floor plan drawing for the facility which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. On an 8 ½ by 11 sheet of paper or as many as necessary to illustrate the floor plan.

RESPONSE: See TAB 5, Attachment Section A-6B-2.

3) Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.

<u>RESPONSE</u>: The Upper Cumberland Human Resource Agency ("UCHRA") operates a public transit system in 14 counties, including White County and the surrounding service area counties. According to the UCHRA web site, "This service is available to rural residents of all ages, giving first priority to elderly, handicapped and economically disadvantaged with medical needs while providing deviated fixed route and demand-response service."

STHH and the city of Sparta are centrally located in White County. Nearby State Highway 111 provides north-south access to Putnam and Van Buren counties. US Highway 70 provides east-west access to Cumberland and DeKalb counties.

7 .	Type of Institution (Check as appropriatemore than one response may apply)							
	 A. Hospital (Specify) Geropsych B. Ambulatory Surgical Treatment Center (ASTC), Multi-Specialty C. ASTC, Single Specialty D. Home Health Agency E. Hospice F. Mental Health Hospital G. Intellectual Disability Institutional Habilitation Facility ICF/IID 	J. Rehabilitation Facility K. Residential Hospice L. Nonresidential Substitution- Based Treatment Center for Opiate Addiction M. Other (Specify)						
Che	Check appropriate lines(s).							
8.	Purpose of Review (Check appropri	oriate lines(s) – more than one response may apply)						
	 A. New Institution B. Modifying an ASTC with limitation still required per CON C. Addition of MRI Unit D. Pediatric MRI E. Initiation of Health Care Service as defined in T.C.A. §68-11-1607(4) (Specify) 	F. Change in Bed Complement [Please note the type of change by underlining the appropriate response: Increase, Decrease, Designation, Distribution, Conversion, Relocation] G. Satellite Emergency Dept. H. Change of Location Other (Specify) Other (Specify)						
9.	Medicaid/TennCare, Medicare Participation							
	MCO Contracts [Check all that apply]							
	X AmeriGroup X United Healthcare Community Plan X BlueCare X TennCare Select							
	Medicare Provider NumberHospi							
	Medicaid Provider NumberHospi	bital 440192, Psych Subprovider 44S192						
		eral Hospital, Psychiatric Unit						
	•	sought for Medicare and/or Medicaid/TennCare?						
	MedicareYesNo <u>X</u> N/A							

10. Bed Complement Data

A. Please indicate current and proposed distribution and certification of facility beds.

		Current Licensed	Beds Staffed	Beds Proposed	*Beds Approved	**Beds Exempted	TOTAL Beds at Completion
1)	Medical	46	12	_4_			42
2)	Surgical	56	#				*
3)	ICU/CCU	4	4			es	4
4)	Obstetrical						
5)	NICU		25 - 30 - 30 - 30 - 30 - 30 - 30 - 30 - 3	V		=====	
6)	Pediatric		2				
7)	Adult Psychiatric						
8)	Geriatric Psychiatric	10	10	+4			14
9)	Child/Adolescent Psychiatric			/			
10)	Rehabilitation						
11)	Adult Chemical Dependency		?===;				2
12)	Child/Adolescent Chemical Dependency		;;			·	
13)	Long-Term Care Hospital	·		-		-	
14)	Swing Beds	-					-
15)	Nursing Home – SNF (Medicare only)		a 	0 		,	-
16)	Nursing Home - NF (Medicaid only)	A 1975		· · · · · · · ·		8 0	2
17)	Nursing Home – SNF/NF (dually certified Medicare/Medicaid)						
18)	Nursing Home – Licensed (non-certified)	-					
19)	ICF/IID	-					
20)	Residential Hospice	921		() ()			
ТО	TAL	60	26	0			60
*Be	eds approved but not yet in service			0% per 3 year p	provision		

B. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the applicant facility's existing services. Attachment Section A-10.

<u>Response</u>: As described more fully throughout this application, the existing 10 geriatric psychiatric beds at STHH have been operating at 90-100% utilization. Four additional beds are required to meet current and projected patient demand. At the time these four additional geriatric psychiatric beds open for patients, Highlands will delicense four medical-surgical beds. This approach will result in a "bed neutral" project, consistent with Saint Thomas' long standing goal to maximize existing resources to the fullest extent possible before increasing service capacity. See **Tab 6 – Attachment Section A-10**, for a letter from Mr. Andy Wachtel, President and CEO of Saint Thomas Highlands Hospital, attesting to these conditions.

C. Please identify all the applicant's outstanding Certificate of Need projects that have a licensed bed change component. If applicable, complete chart below.

CON Number(s)	CON Expiration Date	Total Licensed Beds Approved
N/A		
		-
	-	
 /		111111111111111111111111111111111111111

11. Home Health Care Organizations – Home Health Agency, Hospice Agency (excluding Residential Hospice), identify the following by checking all that apply: – **RESPONSE: N/A**

Existing	Parent	Proposed	BANKAL BANKS STATE	Existing	Parent	Proposed
Licensed	Office	Licensed		Licensed	Office	Licensed
County			PAUL BUT	69		County
			Lauderdale			
				+		
				+		
			Rhea			
			Roane			
			Robertson			
			Rutherford			
			Scott			
			Sequatchie			
			Sevier			
			Shelby			
			Smith			
			Stewart			
			Wilson			
		County County	County County County	County	County C	County C

12. Square Footage and Cost Per Square Footage Chart

12. Oquale roo				Proposed	Propose	ed Final Square F	ootage
	Existing	Existing	Temporary	Final			
Unit/Department	Location	SF	Location	Location	Renovated	New	Total
Geropsych Unit	1 st Floor	10 beds	N/A	1 st Floor	900	0	900
		-					
	,						
Unit/Department GSF Sub-Total					900	0	900
Other GSF Total							
Total GSF					900	0	900
*Total Cost					\$204,701	\$0	\$204,701
**Cost Per Square Foot					\$227.45	0	\$227.45
Cost per Square Foot Is Within Which Range				<u> </u>	□ Below 1 st Quartile	□ Below 1 st Quartile	☐ Below 1 st Quartile
(For quartile rang	es, please r		Applicant's T		☐ Between 1 st and 2 nd Quartile	☐ Between 1 st and 2 nd Quartile	☐ Between 1 st and 2 nd Quartile
Response: 2014-20	016 Hospita artile = \$287		ion Median =	\$218.86,	X Between 2 nd and 3 rd Quartile	☐ Between 2 nd and 3 rd Quartile	Between 2 nd and 3 rd Quartile
5 Qua					□ Above 3 rd Quartile	□ Above 3 rd Quartile	□ Above 3 rd Quartile

^{*} The Total Construction Cost should equal the Construction Cost reported on line A5 of the Project Cost Chart.

^{**} Cost per Square Foot is the construction cost divided by the square feet. Please do not include contingency costs.

13. MRI, PET, and/or Linear Accelerator - RESPONSE: Not Applicable

- 1. Describe the acquisition of any Magnetic Resonance Imaging (MRI) scanner that is adding a MRI scanner in counties with population less than 250,000 or initiation of pediatric MRI in counties with population greater than 250,000 and/or
- 2. Describe the acquisition of any Positron Emission Tomographer (PET) or Linear Accelerator if initiating the service by responding to the following:
- A. Complete the chart below for acquired equipment.

Linear Accelerator	Mev Total Cost*: □ New	Types:
MRI	Tesla: Total Cost*:	Magnet: Description of the property of the pro
PET	□ PET only Total Cost*: □ New	□ PET/CT □ PET/MRI □ By Purchase □ By Lease Expected Useful Life (yrs) □ Refurbished □ If not new, how old? (yrs)

- B. In the case of equipment purchase, include a quote and/or proposal from an equipment vendor. In the case of equipment lease, provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments along with the fair market value of the equipment.
- C. Compare lease cost of the equipment to its fair market value. Note: Per Agency Rule, the higher cost must be identified in the project cost chart.
- D. Schedule of Operations:

Location	Days of Operation	Hours of Operation
Location	(Sunday through Saturday)	(example: 8 am – 3 pm)
Fixed Site (Applicant)	Monday through Friday	8am - 5pm
Mobile Locations	1	
(Applicant)	The second secon	
(Name of Other Location)		
(Name of Other Location)		

- E. Identify the clinical applications to be provided that apply to the project.
- F. If the equipment has been approved by the FDA within the last five years provide documentation of the same.

^{*} As defined by Agency Rule 0720-9-.01(13)

SECTION B: GENERAL CRITERIA FOR CERTIFICATE OF NEED

In accordance with T.C.A. § 68-11-1609(b), "no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, will provide health care that meets appropriate quality standards, and will contribute to the orderly development of health care." Further standards for guidance are provided in the State Health Plan developed pursuant to T.C.A. § 68-11-1625.

The following questions are listed according to the four criteria: (1) Need, (2) Economic Feasibility, (3) Applicable Quality Standards, and (4) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. Please type each question and its response on an 8 1/2" x 11" white paper, single-sided or double sided. All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer, unless specified otherwise. If a question does not apply to your project, indicate "Not Applicable (NA)."

QUESTIONS

SECTION B: NEED

A. Provide a response to each criterion and standard in Certificate of Need Categories in the State Health Plan that are applicable to the proposed project. Criteria and standards can be obtained from the Tennessee Health Services and Development Agency or found on the Agency's website at http://www.tn.gov/hsda/article/hsda-criteria-and-standards.

<u>RESPONSE</u>: Two sets of criteria and standards are applicable to this project – Psychiatric Inpatient Services and Construction, Renovation, Expansion and Replacement of Health Care Institutions. See responses, below.

1) Psychiatric Inpatient Services

1. Determination of Need: The population-based estimate of the total need for psychiatric inpatient services is a guideline of 30 beds per 100,000 general population, using population estimates prepared by the TDH and applying the applicable data in the Joint Annual Report (JAR). These estimates represent gross bed need and shall be adjusted by subtracting the existing applicable staffed beds including certified beds in outstanding CONs operating in the area as counted by the TDH in the JAR. For adult programs, the age group of 18-64 years shall be used in calculating the estimated total number of beds needed; additionally, if an applicant proposes a geriatric psychiatric unit, the age range 65+ shall be used. For child inpatients, the age group is 12 and under, and if the program is for adolescents, the age group of 13-17 shall be used. The HSDA may take into consideration data provided by the applicant justifying the need for additional beds that would exceed the guideline of 30 beds per 100,000 general population. Special consideration may be given to applicants seeking to serve child, adolescent, and geriatric inpatients. Applicants may demonstrate limited access to services for these specific age groups that supports exceeding the guideline of 30 beds per 100,000 general population. An applicant seeking to exceed this guideline shall utilize TDH and TDMHSAS data to justify this projected need and support the request by addressing the factors listed under the criteria "Additional Factors".

Rationale: Many communities in Tennessee have unique needs for inpatient psychiatric beds. The above formula functions as a "base criteria" that allows

applicants to provide evidence supporting a need for a higher number of beds in the proposed service area. The HSDA may take into account all evidence provided and approve applications that request beds that exceed the 30 beds per 100,000 guideline when needed. An analysis of admissions and discharges by age category performed by the HSDA suggests there may be limited access for inpatients under the age of 18 and inpatients aged 65 and over. However, the applicable JAR form does not provide occupancy rates by age category. Health Planning believes developing determination of need formulas specific to each age category is not possible at this time due to these limitations in available data. The current need formula is to be utilized as a guideline allowing applicants the opportunity to apply to serve the unique needs of the intended service area.

<u>RESPONSE</u>: Based upon STHH's existing patient origin, this project will continue to serve four counties — White, Cumberland, Putnam and Van Buren. Using the methodology described above, there is a projected need for 4.6 additional geriatric psychiatric beds.

2021 Projected Inpatient Psychiatric Bed Need White. Cumberland. Putnam & Van Buren Counties

	Adult 18-64	Adult 65+	Adult 18+
Population, 2021	101,079	48,826	149,922
Gross Bed Need at			
30/100,000 Population	30.3	14.6	45.0
Current Beds		10.0	:=:
Net Bed Need	30.3	4.6	45.0

In addition to serving the 65+ population, 8.5% of the patients at the STHH Senior Care program are age 55-64. There is a projected need for 30.3 psychiatric beds for the 18-64 population.

STHH is proposing to increase its geriatric psychiatric beds from 10 to 14 by converting 4 existing medical-surgical beds. This approach is "bed neutral" and will not result in an increase in total licensed beds at the hospital. STHH's project is consistent with these need guidelines.

2. Additional Factors: An applicant shall address the following factors:

a. The willingness of the applicant to accept emergency involuntary and nonemergency indefinite admissions;

RESPONSE: Although STHH treats emergency patients who present, the geropsychiatric program is not designed for emergency involuntary and non-emergency indefinite admissions. In these rare situations, patients are referred to other more appropriate facilities.

b. The extent to which the applicant serves or proposes to serve the TennCare population and the indigent population;

RESPONSE: The STHH Senior Care program currently serves and will continue to

serve the TennCare and indigent populations.

c. The number of beds designated as "specialty" beds (including units established to treat patients with specific diagnoses);

RESPONSE: The STHH Senior Care program is designed to serve geropsychiatric patients aged 55 and older.

d. The ability of the applicant to provide a continuum of care such as outpatient, intensive outpatient treatment (IOP), partial hospitalization, or refer to providers that do:

RESPONSE: The STHH Senior Care program focuses on geropsychiatric inpatients aged 55 and older. Kim Neal, NP, is a caregiver on the Senior Care unit and also hosts an outpatient clinic for geropsychiatric patients in the area. Patients are referred to other providers, as necessary, for other services in the continuum of care.

e. Psychiatric units for patients with intellectual disabilities;

RESPONSE: The STHH Senior Care program does not focus on patients with intellectual disabilities.

f. Freestanding psychiatric facility transfer agreements with medical inpatient facilities;

RESPONSE: Not applicable. The STHH Senior Care program is contained within a general acute care facility. If a level of care that is higher than what can be provided at STHH is necessary, then patients can be transferred to other inpatient facilities within the Saint Thomas network.

g. The willingness of the provider to provide inpatient psychiatric services to all populations (including those requiring hospitalization on an involuntary basis, individuals with co-occurring substance use disorders, and patients with comorbid medical conditions); and

RESPONSE: Although STHH treats emergency patients who present, the geropsychiatric program is not designed for involuntary admissions or individuals with co-occurring substance abuse disorders. Since the STHH Senior Care program is contained within a general acute care facility, certain patients with comorbid medical conditions can be treated.

h. The applicant shall detail how the treatment program and staffing patterns align with the treatment needs of the patients in accordance with the expected length of stay of the patient population.

RESPONSE: As an existing provider of geropsychiatric services, the STHH Senior Care program maintains treatment protocols and staffing patterns consistent with the treatment needs and the expected length of stay of the patient population.

i. Special consideration shall be given to an inpatient provider that has been specially contracted by the TDMHSAS to provide services to uninsured patients in a region that would have previously been served by a state operated mental health hospital that has closed.

<u>RESPONSE</u>: Not applicable. The STHH Senior Care program is not seeking special consideration under this criterion.

j. Special consideration shall be given to a service area that does not have a crisis stabilization unit available as an alternative to inpatient psychiatric care.

<u>RESPONSE</u>: Not applicable. The STHH Senior Care program is not seeking special consideration under this criterion. A crisis stabilization unit is available at Volunteer Behavioral Health in Cookeville, Putnam County.

3. Incidence and Prevalence: The applicant shall provide information on the rate of incidence and prevalence of mental illness and substance use within the proposed service area in comparison to the statewide rate. Data from the TDMHSAS or the Substance Abuse and Mental Health Services Administration (SAMHSA) shall be utilized to determine the rate. This comparison may be used by the HSDA staff in review of the application as verification of need in the proposed service area.

Rationale: The rate of incidence and prevalence of mental illness in the service area may indicate a need for a higher number of psychiatric inpatient beds in the designated area.

<u>RESPONSE</u>: The rates below reflect mental health admissions to TDMHSAS-funded mental health services in regional mental health institutes and private psychiatric hospitals that contract with the agency.

TDMHSAS Mental Health Admission Rates Per 1,000 Pop Age 18+ July 2016, Updated May 2017

County	FY2013	FY2014	FY2015
White	1.5	1.0	1.4
Cumberland	0.9	1.1	1.2
Putnam	1.2	1.7	2.3
Van Buren	small	2.9	small
Tennessee	2.2	2.4	2.5

These rates are below the Tennessee average. Based on extremely high utilization at STHH and a lack of beds elsewhere in the service area, this could suggest a lack of access to inpatient services.

4. Planning Horizon: The applicant shall predict the need for psychiatric inpatient beds for the proposed first two years of operation.

Rationale: The Division believes that projecting need two years into the future is more likely to accurately reflect the coming trends and less likely to overstate potential future need.

<u>RESPONSE</u>: As calculated previously for 2021, there is a projected net need for 4.6 psychiatric inpatient beds for the 65+ population in the service area. Based on a 2017

population of 42,302 persons, there is a projected net need for 2.7 psychiatric inpatient beds for the 65+ population in the service area. In 2019, there is a projected net need for 3.7 psychiatric inpatient beds for the 65+ population in the service area, which rounds up to the 4 beds requested by STHH. In addition, 8.5% of the patients utilizing STHH's Senior Care services are age 55-64 and would generate demand for even more beds.

5. Establishment of Service Area: The geographic service area shall be reasonable and based on an optimal balance between population density and service proximity of the applicant. The socio-demographics of the service area and the projected population to receive services shall be considered. The proposal's sensitivity and responsiveness to the special needs of the service area shall be considered, including accessibility to consumers, particularly women, racial and ethnic minorities, low income groups, other medically underserved populations, and those who need services involuntarily. The applicant may also include information on patient origination and geography and transportation lines that may inform the determination of need for additional services in the region.

Applicants should be aware of the Bureau of TennCare's access requirement table, found under "Access to Behavioral Health Services" on pages 93-94 at http://www.tn.gov/assets/entities/tenncare/attachments/operationalprotocol.pdf.

Rationale: In many cases it is likely that a proposed psychiatric facility's service area could draw more significantly from only a portion of a county. When available, the Division would encourage the use of sub-county level data that are available to the general public (including utilization, demographic, etc.) to better inform the HSDA in making its decisions. Because psychiatric patients often select a facility based on the proximity of caregivers and family members, as well as the proximity of the facility, factors other than travel time may be considered by the HSDA. Additionally, geography and transportation lines may limit access to services and necessitate the availability of additional psychiatric inpatient beds in specific service areas.

RESPONSE: Like the existing STHH Senior Care program, the four-bed conversion will serve the same four-county service area – White, Cumberland, Putnam and Van Buren. In 2017, the service area had an estimated population of 177,127. Official sources indicate that the service area population will grow by approximately 5.0% or 8,802 persons by 2021. This is somewhat higher growth than the 4.4% projected for Tennessee.

In 2017, the service area had an estimated senior population (age 65 and older) of 42,303. Official sources indicate that the service area senior population will grow by approximately 15.4% or 6,524 persons by 2021. This is somewhat lower growth than the 16.0% projected for Tennessee. The service area senior population is projected to comprise 26.3% of the total population, which is much greater than the 18.3% for Tennessee.

The STHH Senior Care program is the only such inpatient program in the service area. STHH provides care to all patients regardless of sex, race, ethnicity or income. It also provides care to uninsured and low-income populations as well as TennCare patients. As a geropsychiatric program, the patient population is highly skewed toward Medicare patients and patients with medical comorbidities.

6. Composition of Services: Inpatient hospital services that provide only substance use services shall be considered separately from psychiatric services in a CON application; inpatient hospital services that address co-occurring substance use/mental health needs shall be considered collectively with psychiatric services. Providers shall also take into account concerns of special populations (including, e.g., supervision of adolescents, specialized geriatric, and patients with comorbid medical conditions).

The composition of population served, mix of populations, and charity care are often affected by status of insurance, TennCare, Medicare, or TriCare; additionally, some facilities are eligible for Disproportionate Share Hospital payments based on the amount of charity care provided, while others are not. Such considerations may also result in a prescribed length of stay.

Rationale: Because patients with psychiatric conditions often experience co-morbid conditions, it is important that providers be capable of addressing such patients' potential medical needs. The accessibility of psychiatric services to various populations and for appropriate lengths of stay are important considerations for the HSDA when reviewing psychiatric inpatient services applications.

RESPONSE: STHH currently operates a very highly utilized 10-bed Senior Care program. Substance abuse services are not provided. The conversion of four medical-surgical beds to geropsychiatric beds is not expected to significantly change the payor mix or charity care.

7. Patient Age Categorization: Patients should generally be categorized as children (0-12), adolescents (13-17), adults (18-64), or geriatrics (65+). While an adult inpatient psychiatric service can appropriately serve adults of any age, an applicant shall indicate if they plan to only serve a portion of the adult population so that the determination of need may be based on that age-limited population. Applicants shall be clear regarding the age range they intend to serve; given the small number of hospitals who serve younger children (12 and under), special consideration shall be given to applicants serving this age group. Applicants shall specify how patient care will be specialized in order to appropriately care for the chosen patient category.

Rationale: Based on stakeholder input, the Division has categorized the patient population into children, adolescents, adults, and geriatric. Each age category may require unique care.

<u>RESPONSE</u>: Though the STHH Senior Care program focuses on geropsychiatric inpatients aged 65 and older, 8.5% of the patients are age 55-64.

8. Services to High-Need Populations: Special consideration shall be given to applicants providing services fulfilling the unique needs and requirements of certain high-need populations, including patients who are involuntarily committed, uninsured, or low-income.

<u>RESPONSE</u>: The STHH Senior Care program provides care to all patients, including uninsured and low-income populations. As a geropsychiatric program, the patient population is highly skewed toward Medicare patients and patients with medical

comorbidities...

9. Relationship to Existing Applicable Plans; Underserved Area and Populations: The proposal's relationships to underserved geographic areas and underserved population groups shall also be a significant consideration. The impact of the proposal on similar services in the community supported by state appropriations shall be assessed and considered; the applicant's proposal as to whether or not the facility takes voluntary and/or involuntary admissions, and whether the facility serves acute and/or long-term patients, shall also be assessed and considered. The degree of projected financial participation in the Medicare and TennCare programs shall be considered.

<u>RESPONSE</u>: The STHH Senior Care program is the only such inpatient program in the service area. It provides care to all patients, including uninsured and low-income populations as well as TennCare patients. As a geropsychiatric program, the patient population is highly skewed toward Medicare patients and patients with medical comorbidities.

Relationship to Existing Similar Services in the Area: The proposal shall discuss what similar services are available in the service area and the trends in occupancy and utilization of those services. This discussion shall also include how the applicant's services may differ from existing services (e.g., specialized treatment of an age-limited group, acceptance of involuntary admissions, and differentiation by payor mix). Accessibility to specific special need groups shall also be discussed in the application.

Rationale: Based on stakeholder input, a number of factors, including occupancy, shall be considered in the context of general utilization trends. Additionally, several factors may be necessary to consider when determining occupancy including staffed beds verses licensed beds, the target patient population, and the operation of specialty units.

RESPONSE: The STHH Senior Care program is the only such inpatient program in the service area. It provides care to all patients, including uninsured and low-income populations, as well as TennCare patients. As a geropsychiatric program, the patient population is highly skewed toward Medicare patients and patients with medical comorbidities.

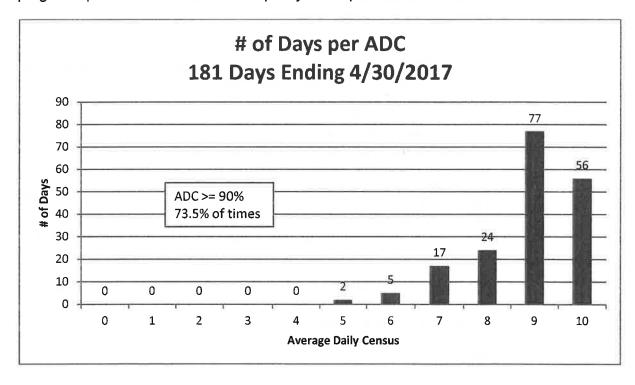
10. Expansion of Established Facility: Applicants seeking to add beds to an existing facility shall provide documentation detailing the sustainability of the existing facility. This documentation shall include financials, and utilization rates. A facility seeking approval for expansion should have maintained an occupancy rate for all licensed beds of at least 80 percent for the previous year. The HSDA may take into consideration evidence provided by the applicant supporting the need for the expansion or addition of services without the applicant meeting the 80 percent threshold. Additionally, the applicant shall provide evidence that the existing facility was built and operates, in terms of plans, service area, and populations served, in accordance with the original project proposal.

Rationale: Based on stakeholder input, the implementation of an 80 percent threshold for the approval may serve as an indicator of economic feasibility for the expansion of

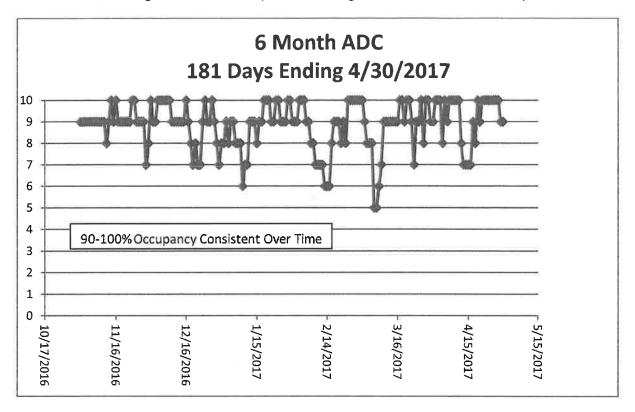
the facility. The 80 percent occupancy requirement may limit an applicant's ability to add specialty services that require separation from other units. Examples include geriatric psychiatry, services for patients with co-occurring mental health needs and substance use disorders. Additionally, the majority of the programs in the state are currently operating under this threshold. The communities these programs serve may have needs that require an expansion of services. An applicant may provide evidence of the economic feasibility of expansion despite not operating at or above 80 percent of capacity.

<u>RESPONSE</u>: Compared to the majority of programs in the state, the STHH Senior Care program has been operating at well over 80% of capacity. According to the 2016 Joint Annual Report, the program averaged 84% utilization on 10 beds. This is unusually high given that all the beds are in semiprivate rooms, which limits STHH's ability to match patients of the same sex, general age range, etc.

More recent data for the 181 days ending April 30, 2017 indicates that the Senior Care program operated at 90% to 100% capacity three-quarters of the time.



Furthermore, this high utilization was present throughout the entire six-month period.



11. Licensure and Quality Considerations: Any existing applicant for this CON service category shall be in compliance with the appropriate rules of the TDH and/or the TDMHSAS. The applicant shall also demonstrate its accreditation status with the Joint Commission, the Commission on Accreditation of Rehabilitation Facilities (CARF), or other applicable accrediting agency. Such compliance shall provide assurances that applicants are making appropriate accommodations for patients (e.g., for seclusion/restraint of patients who present management problems, and children who need quiet space). Applicants shall also make appropriate accommodations so that patients are separated by gender in regards to sleeping as well as bathing arrangements. Additionally, the applicant shall indicate how it would provide culturally competent services in the service area (e.g., for veterans, the Hispanic population, and LBGT population).

RESPONSE: As an existing provider of geropsychiatric services, STHH is currently licensed by the Tennessee Department of Health. It is also accredited by The Joint Commission. The request to convert four medical-surgical beds to the complement of ten existing geropsychiatric beds will make it easier to accommodate special patient needs. The STHH Senior Care program does not utilize seclusion or restraints. STHH provides care to all patients regardless of sex, race, ethnicity or income.

12. Institution for Mental Disease Classification: It shall also be taken into consideration whether the facility is or will be classified as an Institution for Mental Disease (IMD). The criteria and formula involve not just the total number of beds, but the average daily census (ADC) of the inpatient psychiatric beds in relation to the ADC of the facility. When a facility is classified as an IMD, the cost of patient care for

Bureau of TennCare enrollees aged 21-64 will be reimbursed using 100 percent state funds, with no matching federal funds provided; consequently, this potential impact shall be addressed in any CON application for inpatient psychiatric beds.

RESPONSE: This four-bed conversion project will not result in a change in classification.

13. Continuum of Care: Free standing inpatient psychiatric facilities typically provide only basic acute medical care following admission. This practice has been reinforced by Tenn. Code Ann. § 33-4-104, which requires treatment at a hospital or by a physician for a physical disorder prior to admission if the disorder requires immediate medical care and the admitting facility cannot appropriately provide the medical care. It is essential, whether prior to admission or during admission, that a process be in place to provide for or to allow referral for appropriate and adequate medical care. However, it is not effective, appropriate, or efficient to provide the complete array of medical services in an inpatient psychiatric setting.

RESPONSE: Not applicable. The STHH Senior Care program is not based in a freestanding inpatient psychiatric setting.

14. Data Usage: The TDH and the TDMHSAS data on the current supply and utilization of licensed and CON-approved psychiatric inpatient beds shall be the data sources employed hereunder, unless otherwise noted. The TDMHSAS and the TDH Division of Health Licensure and Regulation have data on the current number of licensed beds. The applicable TDH JAR provides data on the number of beds in operation. Applicants should utilize data from both sources in order to provide an accurate bed inventory.

Rationale: Using these sources for data is the only way to ensure consistency across the evaluation of all applications. Data provided by the TDH and the TDMHSAS shall be relied upon as the primary sources of data for CON psychiatric inpatient services applications. Each data source has specific caveats. Requiring the use of both licensed beds and operating beds will provide a more comprehensive bed inventory analysis.

RESPONSE: Both data sources were consulted. The ten geropsychiatric beds at STHH Senior Care program are the only psychiatric beds in the service area.

15. Adequate Staffing: An applicant shall document a plan demonstrating the intent and ability to recruit, hire, train, assess competencies of, supervise, and retain the appropriate numbers of qualified personnel to provide the services described in the application and that such personnel are available in the proposed Service Area. Each applicant shall outline planned staffing patterns including the number and type of physicians. Additionally, the applicant shall address what kinds of shifts are intended to be utilized (e.g., 8 hour, 12 hour, or Baylor plan). Each unit is required to be staffed with at least two direct patient care staff, one of which shall be a nurse, at all times. This staffing level is the minimum necessary to provide safe care. The applicant shall state how the proposed staffing plan will lead to quality care of the patient population served by the project.

However, when considering applications for expansions of existing facilities, the HSDA may determine whether the existing facility's staff would continue without significant

change and thus would be sufficient to meet this standard without a demonstration of efforts to recruit new staff.

<u>RESPONSE</u>: The STHH Senior Care program is currently and appropriately staffed for a census of ten patients. A census of 12.6 patients is projected for Year 2 and will require approximately 4.6 more FTEs over the existing 15.9 FTEs. Additional staff will be recruited using the existing resources of both STHH and Saint Thomas Health.

16. Community Linkage Plan: The applicant shall describe its participation, if any, in a community linkage plan, including its relationships with appropriate health care system providers/services and working agreements with other related community services assuring continuity of care (e.g., agreements between freestanding psychiatric facilities and acute care hospitals, linkages with providers of outpatient, intensive outpatient, and/or partial hospitalization services). If they are provided, letters from providers (e.g., physicians, mobile crisis teams, and/or managed care organizations) in support of an application shall detail specific instances of unmet need for psychiatric inpatient services. The applicant is encouraged to include primary prevention initiatives in the community linkage plan that would address risk factors leading to the increased likelihood of Inpatient Psychiatric Bed usage.

Rationale: The Division recognizes that participation in community linkage plans is an important element in the provision of quality psychiatric inpatient services; therefore, it is important for applicants to demonstrate such connections with other community providers. The 2014 update to the State Health Plan moved from a primary emphasis of health care to an emphasis on "health protection and promotion". The development of primary prevention initiatives for the community advances the mission of the State Health Plan.

RESPONSE: The STHH Senior Care program currently maintains a census of 90% to 100% three-quarters of the time, thus demonstrating effective community linkages. STHH is also a member of Saint Thomas Health and the referral resources available in Nashville.

Three provider support letters are provided in **Tab 7 – Attachment Section B-A1**. Not only do these letters further document STHH's existing community linkages, but they offer additional reasons to approve the four-bed conversion.

- The senior population is growing in the Upper Cumberland region.
- More patients are suffering from Alzheimer's, dementia, etc.
- Extra capacity at STHH Senior Care will allow more patient s to be served.
- Extra capacity at STHH Senior Care will allow patients to be served more quickly.
- 17. Access: The applicant must demonstrate an ability and willingness to serve equally all of the patients related to the application of the service area in which it seeks certification. In addition to the factors set forth in HSDA Rule 0720-11-.01(1) (listing the factors concerning need on which an application may be evaluated), the HSDA may choose to give special consideration to an applicant that is able to show that

there is limited access in the proposed service area.

<u>RESPONSE</u>: As the only provider of inpatient psychiatric services in the four-county service area, the STHH Senior Care program will strive to meet the growing needs of the community.

18. Quality Control and Monitoring: The applicant shall identify and document its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring system. An applicant that owns or administers other psychiatric facilities shall provide information on their surveys and their quality improvement programs at those facilities, whether they are located in Tennessee or not.

Rationale: This section supports the State Health Plan's Fourth Principle for Achieving Better Health regarding quality of care.

<u>RESPONSE</u>: The STHH Senior Care program will continue to monitor quality and outcomes, and report data to the appropriate regulatory and accreditation agencies.

19. Data Requirements: Applicants shall agree to provide the TDH, the TDMHSAS, and/or the HSDA with all reasonably requested information and statistical data related to the operation and provision of services at the applicant's facility and to report that data in the time and format requested. As a standard of practice, existing data reporting streams will be relied upon and adapted over time to collect all needed information.

<u>RESPONSE</u>: The STHH Senior Care program will continue to monitor quality and outcomes, and report data to the appropriate regulatory and accreditation agencies.

2) Construction, Renovation, Expansion and Replacement of Health Care institutions

1. Any project that includes the addition of beds, services, or medical equipment will be reviewed under the standards for those specific activities.

<u>RESPONSE</u>: The standards for Psychiatric Inpatient Services are addressed immediately above. The STHH Senior Care program meets the requirements for the approval of the four-bed conversion from medical-surgical to geropsychiatric services.

- 2. For relocation or replacement of an existing licensed health care institution:
 - a. The applicant should provide plans which include costs for both renovation and relocation, demonstrating the strengths and weaknesses of each alternative.
 - b. The applicant should demonstrate that there is an acceptable existing or projected future demand for the proposed project.

<u>RESPONSE</u>: Not applicable. The STHH Senior Care program merely proposes a four-bed conversion from medical-surgical to geropsychiatric services.

- 3. For renovation or expansions of an existing licensed health care institution:
 - a. The applicant should demonstrate that there is an acceptable existing demand for the proposed project.
 - b. The applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.

<u>RESPONSE</u>: Not applicable. The STHH Senior Care program merely proposes a fourbed conversion from medical-surgical to geropsychiatric services. No major renovations or expansion is proposed.

B. Describe the relationship of this project to the applicant facility's long-range development plans, if any, and how it relates to related previously approved projects of the applicant.

RESPONSE: Highlands Hospital entered into a partnership with Saint Thomas Health in 2012 and was acquired outright in 2015. This project represents the right-sizing of assets at the facility. No previously approved projects are related to this proposed four-bed conversion.

C. Identify the proposed service area and justify the reasonableness of that proposed area. Submit a county level map for the Tennessee portion of the service area using the map on the following page, clearly marked to reflect the service area as it relates to meeting the requirements for CON criteria and standards that may apply to the project. Please include a discussion of the inclusion of counties in the border states, if applicable. Attachment Section B - Need-C.

Please complete the following tables, if applicable:

Saint Thomas Highlands Hospital – Medical and Psychiatric Inpatients
Actual, 2016 JAR

Service Area Counties	Historical Utilization-County Residents	% of Total Patients
White	628	61.3%
Putnam	137	13.4%
Cumberland	93	9.1%
Van Buren	69	6.7%
Subtotal	927	90.5%
Other	98	9.5%
Total	1,025	100.0%

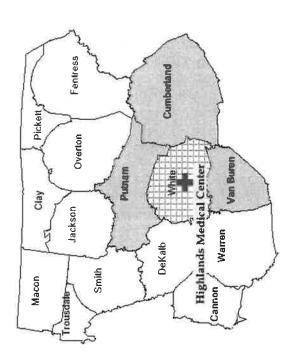
Source: 2016 JAR

Saint Thomas Highlands Hospital – Geropsychiatric Inpatients Only Projected, Year 2

% of Total Patients Service Area **Projected Utilization-County Residents** Counties White 250 61.3% Putnam 55 13.5% 37 Cumberland 9.1% Van Buren 27 6.6% Subtotal 369 90.5% Other 39 9.5% 100.0% Total 408

<u>RESPONSE</u>: While Saint Thomas Health serves a number of counties in Kentucky and other states, no border state counties are part of the primary or secondary service areas of STHH. The proposed four-bed conversion is not expected to materially alter existing patient referral patterns.

STHH 4 County Service Area with Upper Cumberland Region for Reference Henry Obion Gibson





D. 1). a) Describe the demographics of the population to be served by the proposal.

RESPONSE: Like the existing STHH Senior Care program, the four-bed conversion will serve the same four-county service area – White, Cumberland, Putnam and Van Buren. In 2017, the service area had an estimated population of 177,127. Official sources indicate that the service area population will grow by approximately 5.0% or 8,802 persons by 2021. This is somewhat higher growth than the 4.4% projected for Tennessee.

In 2017, the service area had an estimated senior population (age 65 and older) of 42,303. Official sources indicate that the service area senior population will grow by approximately 15.4% or 6,524 persons by 2021. This is somewhat lower growth than the 16.0% projected for Tennessee. The service area senior population is projected to comprise 26.3% of the total population, which is much greater than the 18.3% for Tennessee.

Compared to the overall Tennessee median household income ("MHI") of \$45,219, the service area MHIs are significantly lower – White (\$34,901), Cumberland (\$38,576), Putnam (\$35,343) and Van Buren (\$40,439). Similarly, three of the four service area counties have a higher percentage of residents in poverty than Tennessee's 17.6%. In addition, 22.0% of the service area's population is enrolled in TennCare compared to 21.5% for Tennessee.

b) Using current and projected population data from the Department of Health, the most recent enrollee data from the Bureau of TennCare, and demographic information from the US Census Bureau, complete the following table and include data for each county in your proposed service area.

Projected Population Data: http://www.tn.gov/health/article/statistics-population

TennCare Enrollment Data: http://www.tn.gov/tenncare/topic/enrollment-data

Census Bureau Fact Finder: http://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml

	Ι	Departm	ent of	Health/	Health	Statisti	cs	Bur	eau of	the Ce	ensus	Tenr	Care
Demographic Variable/Geographic Area	Total Population- Current Year	Total Population- Projected Year	Total Population-% Change	*Target Population- Current Year	*Target Population- Project Year	*Target Population- % Change	Target Population Projected Year as % of Total	Median Age	Median Household Income	Person Below Poverty Level	Person Below Poverty Level as % of Total	TennCare Enrollees	TennCare Enrollees as % of Total
County A													
County B, etc.													
Service Area Total													
State of TN Total													

^{*} Target Population is population that project will primarily serve. For example, nursing home, home health agency, hospice agency projects typically primarily serve- the Age 65+ population; projects for child and adolescent psychiatric services will serve the Population Ages 0-19. Projected Year is defined in select service-specific criteria and standards.

If Projected Year is not defined, default should be four years from current year, e.g., if Current Year is 2016, then default Projected Year is 2020.

<u>RESPONSE</u>: This table is provided on the following page, using the data sources and format requested.

2) Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

<u>RESPONSE</u>: The STHH Senior Care program is the only such inpatient program in the service area. STHH provides care to all patients regardless of sex, race, ethnicity or income. It also provides care to uninsured and low-income populations as well as TennCare patients. As a geropsychiatric program, the patient population is highly skewed toward Medicare patients and patients with medical comorbidities.

In 2017, the service area had an estimated population of 177,127. Official sources indicate that the service area population will grow by approximately 5.0% or 8,802 persons by 2021. This is somewhat higher growth than the 4.4% projected for Tennessee.

In 2017, the service area had an estimated senior population (age 65 and older) of 42,303. Official sources indicate that the service area senior population will grow by approximately 15.4% or 6,524 persons by 2021. This is somewhat lower growth than the 16.0% projected for Tennessee. The service area senior population is projected to comprise 26.3% of the total population, which is much greater than the 18.3% for Tennessee.

Given these population growth projections, demand for the services at STHH Senior Care is expected to increase.

			Department of Healt	of Health/Heal	h/Health Statistics			8	Bureau of the Census - 2015	Census - 201€	2	TennCare	Sare
Demographic Variable/Geographic Area	Total Population Current Year - 2017	Total Population Projected year - 2021	Total Population - % Change	*Target Population (Age 55+) - Current Year 2017	*Target Population (Age 65+) - Projected Year 2021	*Target Population % Change	Target Pop Projected Year Target Pop Projected Year	əgA nsibəM	Median Household Income	Persons Below Poverty	Persons Below Poverty Level as % of Total	Seelloina eisOnneT	TennCare Enrollees as % of Total
White	27,781	28,782	3.6%	6,070	6,967	14.8%	24.2%	42.5	\$34,901	N/A	19.6%	7,264	26.1%
Cumberland	62,847	66,447	5.7%	20,691	23,896	15.5%	36.0%	49.7	\$38,576	N/A	16.5%	12,801	20.4%
Putnam	80,838	84,954	5.1%	14,160	16,322	15.3%	19.2%	36.1	\$35,343	N/A	25.2%	17,546	21.7%
Van Buren	5,661	5,746	1.5%	1,381	1,641	18.8%	28.6%	45.8	\$40,439	N/A	18.0%	1,340	23.7%
Service Area Total	177,127	185,929	2.0%	42,302	48,826	15.4%	26.3%	N/A	N/A	N/A	N/A	38,951	22.0%
State of TN Total	6,886,441	7,188,358	4.4%	1,133,722	1,314,803	16.0%	18.3%	37.6	\$45,219	N/A	17.6%	1,480,077	21.5%

Source: TN DOH Health Statistics, Bureau of the Census - 2015, and Bureau of TennCare - November 2016

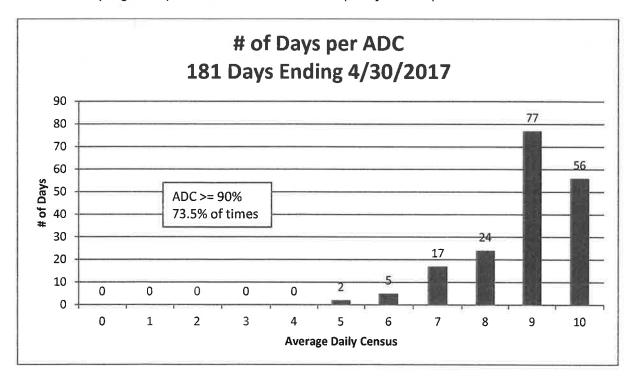
E. Describe the existing and approved but unimplemented services of similar healthcare providers in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. List each provider and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: Admissions or discharges, patient days, average length of stay, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc. This doesn't apply to projects that are solely relocating a service.

<u>RESPONSE:</u> The STHH Senior Care program is the only such inpatient program in the service area. There are no similar healthcare providers in the service area, existing or approved.

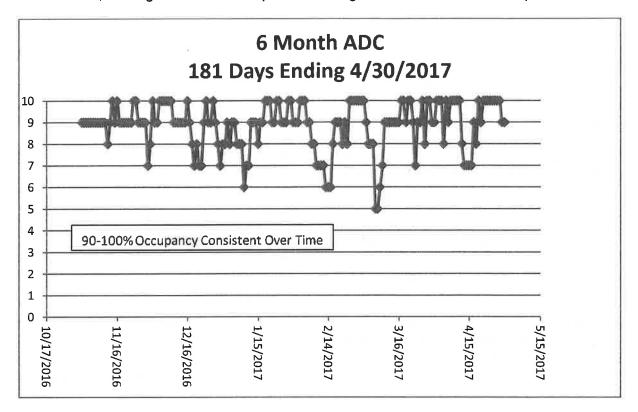
F. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three years and the projected annual utilization for each of the two years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology <u>must include</u> detailed calculations or documentation from referral sources, and identification of all assumptions.

RESPONSE: The ten-bed STHH Senior Care program has experienced steady and rapid (12.5%) growth in patient utilization over the past three years. It recorded 2,821 patient days in 2014, 3,080 patient days in 2015 and 3,175 patient days in 2016. The average daily census increased from 7.7 to 8.4 to 8.7 over this period. With ten beds, this amounts to utilization rates of 77%, 84% and 87%, respectively.

Even more significantly, recent data for the 181 days ending April 30, 2017 indicates that the Senior Care program operated at 90% to 100% capacity three-quarters of the time.



Furthermore, this high utilization was present throughout the entire six-month period.



Given this more recent experience, first year utilization (2018) is projected at 3,535 patient days (9.7 ADC) and second year utilization (2019) is projected at 4,615 patient days (12.6 ADC). With the four-bed conversion, the 9.7 ADC will be easily achieved with just existing patient demand. The 12.6 ADC in 2019 is certainly reasonable given that the STHH Senior Care program has been turning patients away due to a lack of available capacity. An ADC of 12.6 will result in 90% utilization on 14 beds, which is still well above the Agency's 80% target.

SECTION B: ECONOMIC FEASIBILITY

- A. Provide the cost of the project by completing the Project Costs Chart on the following page.

 Justify the cost of the project.
 - 1) All projects should have a project cost of at least \$15,000 (the minimum CON Filing Fee). (See Application Instructions for Filing Fee)

<u>Response</u>: The applicant acknowledges that the filing fee shall be an amount equal to \$5.75 per \$1,000 of the estimated project cost involved, but in no case shall the fee be less than \$15,000 or more than \$95,000. The filing fee check for \$15,000 is made payable to the Health Services and Development Agency.

2) The cost of any lease (building, land, and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. Note: This applies to all equipment leases including by procedure or "per click" arrangements. The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.

RESPONSE: Not applicable. This project does not involve any leases.

3) The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.

RESPONSE: Not applicable. This project involves only minimal equipment costs.

4) Complete the Square Footage Chart on page 8 and provide the documentation. Please note the Total Construction Cost reported on line 5 of the Project Cost Chart should equal the Total Construction Cost reported on the Square Footage Chart.

RESPONSE: The applicant has completed the Square Footage Chart as required.

- 5) For projects that include new construction, modification, and/or renovation—<u>documentation</u> <u>must be</u> provided from a licensed architect or construction professional that support the estimated construction costs. Provide a letter that includes the following:
 - a) A general description of the project;
 - b) An estimate of the cost to construct the project;
 - c) A description of the status of the site's suitability for the proposed project; and
 - d) Attesting the physical environment will conform to applicable federal standards, manufacturer's specifications and licensing agencies' requirements including the AIA Guidelines for Design and Construction of Hospital and Health Care Facilities in current use by the licensing authority.

<u>RESPONSE</u>: Please see the contractor's construction cost verification letter in **Tab 8** – **Attachment Section B-A5**. These costs pertain to only the hard construction costs (e.g., site work, building shell, interiors, parking deck).

61 PROJECT COST CHART

THE PARTY OF THE P Construction and equipment acquired by purchase: Α. \$45,525 1. Architectural and Engineering Fees 2. Legal, Administrative (Excluding CON Filing Fee), \$26,000 Consultant Fees 3. Acquisition of Site 4. Preparation of Site 5. **Total Construction Costs** \$204.701 \$35,000 6. Contingency Fund 7. Fixed Equipment (Not included in Construction Contract) 8. Moveable Equipment (List all equipment over \$50,000 as \$25,000 separate attachments) \$7,000 9. Other (Specify) FFE, IT B. Acquisition by gift, donation, or lease: 1. Facility (inclusive of building and land) 2. Building only 3. Land only 4. Equipment (Specify)_____ 5. Other (Specify) C. Financing Costs and Fees: 1. Interim Financing 2. **Underwriting Costs** 3. Reserve for One Year's Debt Service 4. Other (Specify) D. **Estimated Project Cost** \$343,226 (A+B+C) Eω \$15,000 CON Filing Fee Ē. **Total Estimated Project Cost**

358,226

(D+E)

TOTAL

SUPPLEMENTAL #1

June 28, 2017 10:52 am

B. Identify the funding sources for this project.

Check the applicable item(s) below and briefly summarize how the project will be financed. (Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment Section B-Economic Feasibility-2.)

- __ 1) Commercial loan Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;
- 2) Tax-exempt bonds Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;
- ___ 3) General obligation bonds Copy of resolution from issuing authority or minutes from the appropriate meeting;
- 4) Grants Notification of intent form for grant application or notice of grant award;
- X 5) Cash Reserves Appropriate documentation from Chief Financial Officer of the organization providing the funding for the project and audited financial statements of the organization; and/or
- ___ 6) Other Identify and document funding from all other sources.

<u>RESPONSE:</u> The relatively minimal project costs will be paid from existing cash reserves at Saint Thomas Health. Please see **Tab 9 – Attachment Section B-B5**.

C. Complete Historical Data Charts on the following two pages—<u>Do not modify the Charts</u> provided or submit Chart substitutions!

Historical Data Chart represents revenue and expense information for the last *three* (3) years for which complete data is available. Provide a Chart for the total facility and Chart just for the services being presented in the proposed project, if applicable. **Only complete one chart if it suffices.**

Note that "Management Fees to Affiliates" should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. "Management Fees to Non-Affiliates" should include any management fees paid by agreement to third party entities not having common ownership with the applicant.

RESPONSE: Please refer to the completed *historical* data chart for the existing STHH Senior Care geropsychiatric inpatient unit on the following pages.

July 10, 2017 3:53 Photoal Facility Project Only

HISTORICAL DATA CHART

Give information for the last three (3) years for which complete data are available for the facility or agency. The fiscal year begins in _____ (Month). RESPONSE: See Supplemental 1 notes for dates Year 2016 Year 2014 Year 2015 Utilization Data (Specify unit of measure, e.g., 1,000 patient days, A. 500 visits) RESPONSE: Units of measure are patient days. 5,642 5,316 5,088 B. Revenue from Services to Patients 1. Inpatient Services \$39,502,670 \$30,299,146 \$22,666,516 2. **Outpatient Services** \$72,879,755 \$47,472,848 \$76,188,045 3. **Emergency Services** Included in OP Included in OP Included in OP 4. Other Operating Revenue (Specify) \$256,769 \$170,518 \$436,010 Gross Operating Revenue \$112,639,194 \$70,309,882 \$106,923,201 C. Deductions from Gross Operating Revenue Contractual Adjustments 1. \$86,426,926 \$54,640,846 \$82,299,601 2. Provision for Charity Care \$373,461 \$214,748 \$1,747,582 3. Provisions for Bad Debt \$3,645,613 \$1,772,100 \$1,748,886 Total Deductions \$90,446,000 \$56,627,694 \$85,796,069 **NET OPERATING REVENUE** \$22,193,194 \$13,682,188 \$21,127,132 D. Operating Expenses Salaries and Wages \$9,714,905 \$5,905,247 \$9,515,205 a. Direct Patient Care b. Non-Patient Care 2. Physician's Salaries and Wages Supplies 3. \$3,449,527 \$2,279,306 \$3,516,594 4. Rent \$312,440 \$193,003 \$270,019 Paid to Affiliates b. Paid to Non-Affiliates 5. Management Fees: \$413,237 \$275,729 Paid to Affiliates Paid to Non-Affiliates 6. Other Operating Expenses \$4,324,352 \$2,472,023 \$4,910,255 Total Operating Expenses \$18,214,461 \$11,125,308 \$18,212,073 E. Earnings Before Interest, Taxes and Depreciation \$3,978,733 \$2,556,880 \$2,915,059 F. Non-Operating Expenses Taxes 1. \$61,887 \$275,523 2. Depreciation \$1,253,350 \$688,819 \$792,868 3. Interest \$20,364 \$140,674 Other Non-Operating Expenses \$164,352 _\$(34,508) \$261,212 Total Non-Operating Expenses \$1,499,953 \$1,070.508 \$1,054,080 **NET INCOME (LOSS)** \$2,478,780 \$1,486,372 \$1,860,979 Chart Continues Onto Next Page

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SUPPLEMENTAL #2

NET	INCO	ME (LOSS)	\$ <u>2,478,780</u>	\$1.496532 pm	TO A STATE OF THE
G.	Othe	r Deductions			
	1.	Annual Principal Debt Repayment	\$	\$	\$
	2.	Annual Capital Expenditure	3	-	
		Total Other Deductions	\$	\$	\$
		NET BALANCE	\$ <u>2,478,780</u>	\$1,486,372	\$ <u>1,860,979</u>
		DEPRECIATION	\$ <u>1,253,350</u>	\$688,819	\$792,868
		FREE CASH FLOW (Net Balance + Depreciation)	\$ <u>3,732,130</u>	\$ <u>2,175,191</u>	\$ <u>2,653,847</u>

■ Total Facility

☐ Project Only

HISTORICAL DATA CHART-OTHER EXPENSES

<u>OT</u>	HER EXPENSES CATEGORIES	Year 2014	Year 2015	Year 2016
1.	Professional Services Contract	\$673,865	\$391,783	\$932,964
2.	Contract Labor	\$1,614,772	\$898,039	\$2,245,724
3.	Repairs & Maintenance	\$563,438	\$379,458	\$216,973
4.	Rents & Leases	\$312,440	\$193,003	\$270,019
5.	<u>Utilities</u>	\$292,649	_\$173,798	\$275,189
6.	1	 6	 .	-
7.	Miscellaneous	\$867,188	\$435,942	\$969,386
	Total Other Expenses	\$4,324,352	\$2,472,023	\$4,910,255

Give information for the last three (3) years for which complete data are available for the facility or agency. The fiscal year

SUPPLEMENTAL #1

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HISTORICAL DATA CHART

begins in July (Month). RESPONSE: Data for Highlands inpatient psych unit only. Year 2014 Year 2015 Year 2016 Utilization Data (Specify unit of measure, e.g., 1,000 patient days, A. 2.821 3.080 3.175 500 visits) RESPONSE: Units of measure are patient days. В. Revenue from Services to Patients \$9,335,966 1. Inpatient Services \$10,775,843 \$10,891,668 2. **Outpatient Services** 3. **Emergency Services** 4. Other Operating Revenue (Specify)_ Gross Operating Revenue \$9,335,966 \$10,775,843 \$10,891,668 C. Deductions from Gross Operating Revenue Contractual Adjustments 1. \$2,517,199 \$2,907,291 \$3,545,781 Provision for Charity Care 2. 3. Provisions for Bad Debt 35,675 53,126 11,765 Total Deductions \$2,552,874 \$2,960,417 \$3,557,546 **NET OPERATING REVENUE** \$6,783,092 \$<u>7,334,12</u>2 \$7,815,426 D. Operating Expenses Salaries and Wages a. Direct Patient Care 620,066 724,807 669,332 b. Non-Patient Care 78,000 78,000 80,000 105,000 105,000 2. Physician's Salaries and Wages 105,000 3. Supplies 19,570 12,486 12,934 Rent Paid to Affiliates Paid to Non-Affiliates 5. Management Fees: a. Paid to Affiliates Paid to Non-Affiliates Other Operating Expenses 221,282 223,326 240,669 Total Operating Expenses \$1,093,184 \$1,038,878 \$1,163,410 Ε. Earnings Before Interest, Taxes and Depreciation \$5,689,908 \$6,776,548 \$6,170,712 F. Non-Operating Expenses 1. Taxes 588 588 588 2. Depreciation

Total Non-Operating Expenses \$

Chart Continues Onto Next Page

NET INCOME (LOSS)

Interest

Other Non-Operating Expenses

3.

_588

\$6,170,124

588

\$5,689,320

588

\$6,775,960

66

NET	INCO	ME (LOSS)	\$ <u>5,689,320</u>	\$ <u>6,775,960</u>	\$ <u>6,170,124</u>
G.	Othe	r Deductions			
	1.	Annual Principal Debt Repayment	\$	\$	\$
	2.	Annual Capital Expenditure			-
		Total Other Deductions	\$	\$	\$
		NET BALANCE	\$ <u>5,689,320</u>	\$ <u>6,775,960</u>	\$6,170,124
		DEPRECIATION	\$ 588	\$ <u>588</u>	\$_588
		FREE CASH FLOW (Net Balance + Depreciation)	\$ <u>5,689,908</u>	\$ <u>6,776,548</u>	\$6,170,712

☐ Total Facility

Project Only

HISTORICAL DATA CHART-OTHER EXPENSES

<u> </u>	HER EXPENSES CATEGORIES	Year <u> 2014</u>	Year <u>2015</u>	Year <u> 2016</u>
1.	Professional Services Contract	\$ <u>156,000</u>	\$ <u>156,000</u>	\$ <u>156,000</u>
2.	Contract Labor			
3.	Imaging Interpretation Fees		,	
4.	Dues	970		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
5.	<u>Benefits</u>	60,920	59,697	67,716
6.	<u>T&E</u>	3,392	7,629	10,737
7.	Minor Equipment			6,216
	Total Other Expenses	\$221,282	\$ <u>223,326</u>	\$240,669

D. Complete Projected Data Charts on the following two pages – <u>Do not modify the Charts</u> provided or submit Chart substitutions!

The Projected Data Chart requests information for the two years following the completion of the proposed services that apply to the project. Please complete two Projected Data Charts. One Projected Data Chart should reflect revenue and expense projections for the **Proposal Only** (i.e., if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility). The second Chart should reflect information for the total facility. **Only complete one chart if it suffices.**

Note that "Management Fees to Affiliates" should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. "Management Fees to Non-Affiliates" should include any management fees paid by agreement to third party entities not having common ownership with the applicant.

RESPONSE: Please refer to the completed projected data chart for the proposed STHH Senior Care geropsychiatric inpatient unit (after the four-bed conversion) on the following pages.

PROJECTED DATA CHART

□ Total Facility■ Project Only

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in <u>January</u> (Month).

(Mo	nth).	Year <u>2018</u>	Year <u>2019</u>
Λ.	Hillipation Data (Specify unit of managers of a 1,000 nations days		4,615
Α.	Utilization Data (Specify unit of measure, e.g., 1,000 patient days, 500 visits) RESPONSE: Units of measure are patient days.	3,535	4,015
В.	Revenue from Services to Patients		
ъ.	Inpatient Services	\$12,064,955	\$15,750,995
	Outpatient Services	<u> 12,001,000</u>	¥ <u>10,100,000</u>
	Emergency Services	0	
	Other Operating Revenue (Specify)	\$ 1	
	Gross Operating Revenue	\$12,064,955	\$15,750,995
С	Deductions from Gross Operating Revenue		
100			
	1. Contractual Adjustments	\$ <u>4,058,123</u>	\$ <u>5,402,901</u>
	2. Provision for Charity Care	fr <u>=====</u>	
	3. Provisions for Bad Debt	46,012	61,259
	Total Deductions	\$ <u>4,104,135</u>	\$ 5,464,160
NET	OPERATING REVENUE	\$ 7,960,820	\$ <u>10,286,835</u>
D.	Operating Expenses		
	1. Salaries and Wages		
	a. Direct Patient Care	806,991	1,053,538
	b. Non-Patient Care	80,000	80,000
	2. Physician's Salaries and Wages	105,000	105,000
	3. Supplies	14,400	18,800
	4. Rent		
	a. Paid to Affiliates	-	
	b. Paid to Non-Affiliates	37	9
	5. Management Fees:		
	a. Paid to Affiliates	(-
	b. Paid to Non-Affiliates	007.057	240.000
	6. Other Operating Expenses	267,957	349,822
	Total Operating Expenses	\$ <u>1,274.348</u>	\$ <u>1,607,160</u>
E.	Earnings Before Interest, Taxes and Depreciation	\$ <u>6,686,472</u>	\$ <u>8,679.675</u>
Ę,	Non-Operating Expenses	1020	
	1. Taxes	\$	\$
	2. Depreciation	50,588	50,588
	3. Interest	÷	
	Other Non-Operating Expenses	1/2	
	Total Non-Operating Expenses	\$ <u>50,588</u>	\$ <u>50,588</u>
NET	INCOME (LOSS)	\$6,635,884	\$8,629,087
		Table	

NET	INCO	ME (LOSS)	\$ <u>6,635,884</u>	\$8,629,087
G.	Othe 1.	r Deductions Estimated Annual Principal Debt Repayment	\$	\$
	2.	Annual Capital Expenditure	100,000	100,000
		Total Other Deductions	\$	\$
		NET BALANCE	\$ <u>6,535,884</u>	\$8,529,087
		DEPRECIATION	\$50,588	\$ <u>50,588</u>
		FREE CASH FLOW (Net Balance + Depreciation)	\$ <u>6,586,472</u>	\$8,579,087

☐ Total Facility

Project Only

PROJECTED DATA CHART-OTHER EXPENSES

OTH	HER EXPENSES CATEGORIES	Year_2018	Year <u>2019</u>
1.	Professional Services Contract	\$ <u>156,000</u>	\$210,000
2.	Contract Labor		
3.	Imaging Interpretation Fees	-	
4.	<u>Dues</u>	1,000	1,000
5.	<u>Benefits</u>	73,407	91,652
6.	T&E	11,000	12,000
7.	Minor Equipment	26,550	35,170
	Total Other Expenses	\$ <u>267,957</u>	\$349,822

SUPPLEMENTAL #2

July 10, 2017 3:53 pm otal Facility Project Only

PROJECTED DATA CHART

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in <u>July</u> (Month).

(IVIC	nin).	Year <u> 2018</u>	Year_2019
Α.	Utilization Data (Specify unit of measure, e.g., 1,000 patient day	ys, <u>6,306</u>	7,373
	500 visits) RESPONSE: Units of measure are patient days.		
В.	Revenue from Services to Patients		
	1. Inpatient Services	\$38,499,526	\$39,077,019
	2. Outpatient Services	\$81,443,733	\$82,665,389
	3. Emergency Services	-	
	4. Other Operating Revenue (Specify)	\$ <u>962,367</u>	<u>\$976,803</u>
	Gross Operating Reven	ue \$ <u>120,905,626</u>	\$ <u>122,719,211</u>
С	Deductions from Gross Operating Revenue		
•		. 12 97 672 107 / 11 15 13 V	
	Contractual Adjustments	\$ <u>91,302,786</u>	\$ <u>92,672,328</u>
	2. Provision for Charity Care	\$4,129,652	<u>\$4,191,597</u>
	3. Provisions for Bad Debt	\$1,818.259	\$1,845,533
MES	Total Deduction	The second secon	\$ <u>98,709,458</u>
	OPERATING REVENUE	\$ <u>23,654,929</u>	\$ <u>24,009,753</u>
D.	Operating Expenses 1. Salaries and Wages	\$9,412,305	\$9,600,551
	a. Direct Patient Care	\$9,412,303	\$9,000,001
	b. Non-Patient Care		
	Physician's Salaries and Wages		-
	Supplies	\$3,722,487	\$3,796,937
	4. Rent	Ψ5,722,407	<u></u>
	a. Paid to Affiliates	\$143,468	\$146,337
	b. Paid to Non-Affiliates		
	5. Management Fees:		
	a. Paid to Affiliates		
	b. Paid to Non-Affiliates		
	6. Other Operating Expenses	\$7,667,398	\$7,820,746
	Total Operating Expens	es \$ 20,945,658	\$21,364,571
E.	Earnings Before Interest, Taxes and Depreciation	\$2,709,271	\$2,645,182
F.	Non-Operating Expenses		
	1. Taxes	\$	\$
	2. Depreciation	\$1,323,859	<u>\$1,350,336</u>
	3. Interest		-
	Other Non-Operating Expenses	\$40,000	\$40,800
	Total Non-Operating Expense	es <u>\$1,363,859</u>	<u>\$1,391,136</u>
NET	INCOME (LOSS)	\$1,345,412	\$1,254,046

			/ 1		July 10, 2017
NET	INCC	DME (LOSS)		\$1,345,412	3:53 pr 1.254,046
G.	Othe	er Deductions			
	1.	Estimated Annual Principal Debt Repayment		\$	\$
	2.	Annual Capital Expenditure	9	-	
		Total	Other Deductions	\$	\$
			NET BALANCE	\$1,345,412	\$1,254,046
			DEPRECIATION	\$1,323,859	\$1,350,336
		FREE CASH FLOW (Net Balan	ce + Depreciation)	\$2,669,271	\$2,604,382

■ Total Facility

☐ Project Only

PROJECTED DATA CHART-OTHER EXPENSES

OTI	HER EXPENSES CATEGORIES	Year 2018	Year 2019
1,	Professional Services Contract	\$ <u>1,065,215</u>	\$ <u>1,086,519</u>
2.	Contract Labor	<u>\$4,583,883</u>	<u>\$4,675,561</u>
3.	Repairs & Maintenance	\$337,366	\$344,113
4.	Rents & Leases	\$345,033	\$351,934
5.	<u>Utilities</u>	\$429,374	\$437,962
6.		-	
7.	<u>Miscellaneous</u>	\$906,527	\$924,657
	Total Other Expenses	\$7,667,398	\$7,820,746

E. 1) Please identify the project's average gross charge, average deduction from operating revenue, and average net charge using information from the Projected Data Chart for Year 1 and Year 2 of the proposed project. Please complete the following table.

	Previous Year	Current Year	Year One	Year Two	% Change (Current Year to Year 2)
Gross Charge (Gross Operating	3,430	3,413	3,413	3,413	0%
Revenue/Utilization Data)					
Deduction from Revenue (Total	1,117	1,139	1,161	1,184	4%
Deductions/Utilization Data)					
Average Net Charge (Net					
Operating Revenue/Utilization	2,314	2,274	2,252	2,229	-2%
Data)					

2) Provide the proposed charges for the project and discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the project and the impact on existing patient charges.

<u>RESPONSE:</u> As indicated in the table above, the charges for services at STHH Senior Care will not be impacted by the four-bed conversion project.

3) Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

RESPONSE: There are no comparable charges in the service area. A comparison of the 2015 JAR data indicate an average gross charge per admission of \$38,902 at STHH compared to \$42,874 at Saint Thomas West in Davidson County.

F. 1) Discuss how projected utilization rates will be sufficient to support the financial performance. Indicate when the project's financial breakeven is expected and demonstrate the availability of sufficient cash flow until financial viability is achieved. Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For all projects, provide financial information for the corporation, partnership, or principal parties that will be a source of funding for the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as **Attachment Section B-Economic Feasibility-F1. NOTE: Publicly held entities only need to reference their SEC filings.**

<u>RESPONSE</u>: As indicated in the Historical Data Chart and the Projected Data Chart, the STHH Senior Care program was financially feasible with 10 beds and is expected to remain financially feasible with 14 beds.

Funding for the project will come from STHH's corporate parent organizations, where the hospital cash flows are consolidated. The substantial resources of these organizations are documented in the attachments. See **Tab 10 – Attachment Section B-F1**.

2) Net Operating Margin Ratio – Demonstrates how much revenue is left over after all the variable or operating costs have been paid. The formula for this ratio is: (Earnings before interest, Taxes, and Depreciation/Net Operating Revenue).

Utilizing information from the Historical and Projected Data Charts please report the net operating margin ratio trends in the following table:

Year	2nd Year previous to Current Year	1st Year previous to Current Year	Current Year	Projected Year 1	Projected Year 2
Net Operating Margin Ratio	86.7%	84.1%	83.8%	83.4%	83.9%

3) Capitalization Ratio (Long-term debt to capitalization) – Measures the proportion of debt financing in a business's permanent (Long-term) financing mix. This ratio best measures a business's true capital structure because it is not affected by short-term financing decisions. The formula for this ratio is: (Long-term debt/(Long-term debt/Total Equity (Net assets)) x 100).

For the entity (applicant and/or parent company) that is funding the proposed project please provide the capitalization ratio using the most recent year available from the funding entity's audited balance sheet, if applicable. The Capitalization Ratios are not expected from outside the company lenders that provide funding.

RESPONSE: Ascension, the parent of STHH and Saint Thomas Health is appropriately capitalized to undertake the four-bed conversion project. Please refer to the table below.

Ascension Capitalization Ratio Calculation

Dollars in (\$000s)	2016	2015
Long-term debt	\$ 5,427,616	\$ 5,010,084
Total net assets	18,593,040	18,932,662
Capitalization Ratio	22.6%	20.9%

Source: Audited Financial Statements, Consolidated Balance Sheet

G. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid and medically indigent patients will be served by the project. Additionally, report the estimated gross operating revenue dollar amount and percentage of projected gross operating revenue anticipated by payor classification for the first year of the project by completing the table below.

<u>RESPONSE</u>: STHRH will maintain the same payor relationships, including contracts with Medicare and all TennCare MCOs, that are currently in place for the Senior Care program. Furthermore, STHH will follow the same financial assistance policies that are currently in place. Please refer to **Tab 11 – Attachment Section B-G** for a copy of the STHH financial assistance policies.

Applicant's Projected Payor Mix, Year 1

Payor Source	Projected Gross Operating Revenue	As a % of total
Medicare/Medicare Managed Care	\$10,824,718	89.7%
TennCare/Medicaid	1,222,419	10.1%
Commercial/Other Managed Care	17,818	0.2%
Self-Pay		
Charity Care		
Other (Specify)		
Total	\$12,064,954	100.0%

H. Provide the projected staffing for the project in Year 1 and compare to the current staffing for the most recent 12-month period, as appropriate. This can be reported using full-time equivalent (FTEs) positions for these positions. Additionally, please identify projected salary amounts by position classifications and compare the clinical staff salaries to prevailing wage patterns in the proposed service area as published by the Department of Labor & Workforce Development and/or other documented sources.

<u>RESPONSE:</u> The following table compares the staffing for the STHH Senior Care program before and after the proposed four-bed conversion.

	Position Classification	Existing FTEs (enter year)	Projected FTEs Year 1	Average Wage (Contractual Rate)	Area Wide/Statewide Average Wage
		<u>2017</u>	2018	<u>2019</u>	<u>2016</u>
A.	Direct Patient Care Positions				
	RNs	7.3	11.5	30.33	28.94
	LPNs	3.4	3.4	17.60	18.78
	Tech	1.9	1.9	11.28	10.39
	Rec Therapists	1.0	1.0	18.12	21.31
	Social Worker	1.0	1.4	25.00	28.47
	Total Direct Patient Care Positions	14.6	19.2		
В.	Non-Patient Care Positions			三层 植丛 水石	
	Management	1.3	1.3	39.19	39.34
	Total Non-Patient Care Positions	1.3	1.3		
	Total Employees (A+B)	15.9	20.5		
C.	Contractual Staff				
	Total Staff (A+B+C)	15.9	20.5		

RESPONSE: STHH will continue to provide competitive pay for its various employees.

- I. Describe all alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:
 - Discuss the availability of less costly, more effective and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, justify why not, including reasons as to why they were rejected.

<u>RESPONSE</u>: Converting four existing medical-surgical beds adjacent to the existing ten Senior Care beds at STHH was deemed the least costly, most effective and most efficient alternative to address the very high utilization of inpatient geropsychiatric beds.

2) Document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements.

RESPONSE: The proposed bed conversion is an alternative to new construction.

SECTION B: CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

A. List all existing health care providers (i.e., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, that may directly or indirectly apply to the project, such as, transfer agreements, contractual agreements for health services.

<u>RESPONSE:</u> STHH has many active managed care contracts in place to provide for seamless care of its patients. These contracts are part of the Saint Thomas Health network and include:

- Aetna
 - Commercial plans only
 - Aetna Medicare Advantage
- AMERIGROUP Community Care
 - TennCare
- Alive Hospice
- Avalon Hospice
- BC/BS of TN (BCBST)
 - Network P
 - Network S
 - Network M
 - BlueCare (TennCare)
 - TennCare Select
 - Cover Kids
 - o D-SNP
 - Blue Advantage (Medicare Advantage)
- Bluegrass Family Health
- Caris Healthcare (Hospice)
- CenterCare Managed Care Programs
- CIGNA
 - Commercial plans
 - o CIGNA Connect (Exchange Plan) (beginning Jan 1, 2017)
 - STHe does not participate in Cigna Local Plus (Narrow Network)

STHH, June 2017

- CIGNA HealthSpring
 - Medicare Advantage
- Community Health Plan (fka Americhoice)
- TennCare
- CorVel Corporation (Workers' Compensation)
- Coventry Health Care
- Tennessee Division of Rehabilitation Services
- FOCUS Healthcare Management (Workers' Compensation)
- Humana Health Care Plans
 - Commercial Plans
 - Medicare Advantage
- KY Medicaid
 - Standard Medicaid only
- Kentucky Health Cooperative
 - Kentucky ACO for the Exchange/Marketplace that uses the Coventry network
- Mission Point Health Partners
 - Network M
 - Network E
- MultiPlan
- National Rural Electric Cooperative Association Group
- Nexcaliber (fka Associated Administrators Group, Inc.
- NovaNet
- OccuComp (Workers' Compensation)
- Odyssey Healthcare (Hospice)
- Prime Health
 - Workers' Compensation
 - Commercial Network
- Private Healthcare Systems (PHCS)
- TriCare for Life
- TRICARE North
 - HealthNet Federal Services
- TRICARE South
 - Humana Military
- TriWest
- United Behavioral Health (UBH)
- United Healthcare
 - Commercial plans
 - Medicare Advantage plans
- USA Managed Care Organization
- VHAN (Vanderbilt Health Affiliated Networks)
 - Saint Thomas Midtown Hospital
 - Saint Thomas Rutherford Hospital
- Wellcare / Windsor HealthCare
 - Medicare Advantage
- B. Describe the effects of competition and/or duplication of the proposal on the health care system, including the impact to consumers and existing providers in the service area. Discuss any instances of competition and/or duplication arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.

1) Positive Effects

<u>Response</u>: The STHH Senior Care program is the only such inpatient program in the service area. Converting four existing medical-surgical beds adjacent to the existing ten Senior Care beds at STHH will not duplicate resources in the health care system. Instead, it will better utilize existing resources at STHH.

These and other positive effects of the STHH project are described in the letters of support submitted with this application. Please refer to **Tab 7 – Attachment Section B-A1**. Not only do these letters further document STHH's existing community linkages, but they offer additional reasons to approve the four-bed conversion.

- The senior population is growing in the Upper Cumberland region.
- More patients are suffering from Alzheimer's, dementia, etc.
- Extra capacity at STHH Senior Care will allow more patient s to be served.
- Extra capacity at STHH Senior Care will allow patients to be served more quickly.

Negative Effects

RESPONSE: The STHH Senior Care program is the only such inpatient program in the service area. Thus, there is no duplication of services and there are no negative effects associated with this project. Converting four existing medical-surgical beds adjacent to the existing ten Senior Care beds at STHH was deemed the least costly, most effective and most efficient alternative to address the very high utilization of inpatient geropsychiatric beds.

C. 1) Discuss the availability of and accessibility to human resources required by the proposal, including clinical leadership and adequate professional staff, as per the State of Tennessee licensing requirements and/or requirements of accrediting agencies, such as the Joint Commission and Commission on Accreditation of Rehabilitation Facilities.

RESPONSE: The STHH Senior Care program is currently and appropriately staffed for a census of ten patients. A census of 12.6 patients is projected for Year 2 and will require approximately 4.6 more FTEs over the existing 15.9 FTEs. Additional staff will be recruited using the existing resources of both STHH and Saint Thomas Health.

2) Verify that the applicant has reviewed and understands all licensing and/or certification as required by the State of Tennessee and/or accrediting agencies such as the Joint Commission for medical/clinical staff. These include, without limitation, regulations concerning clinical leadership, physician supervision, quality assurance policies and programs, utilization review policies and programs, record keeping, clinical staffing requirements, and staff education.

RESPONSE: STHH already maintains a ten-bed geropsychiatric inpatient unit and understands the licensure and certification requirements for medical and clinical staff.

Please see **Tab 12 – Attachment Section B-C2** for a copy of the medical director's qualifications.

Please see **Tab 13 – Attachment Section B-C2** for copies of the quality management and utilization management plans.

3) Discuss the applicant's participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.).

<u>RESPONSE:</u> Unlike the Saint Thomas Nashville hospitals, STHH is a much smaller rural facility where student training is not a priority

D. Identify the type of licensure and certification requirements applicable and verify the applicant has reviewed and understands them. Discuss any additional requirements, if applicable. Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.

Licensure: TDOH Board for Licensing Health Care Facilities

Certification Type (e.g. Medicare SNF, Medicare LTAC, etc.): TDOH Medicare, TennCare

Accreditation (i.e., Joint Commission, CARF, etc.): The Joint Comission

RESPONSE: STHH already maintains a ten-bed geropsychiatric program and understands the licensure and certification requirements necessary to implement this four-bed conversion.

1) If an existing institution, describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility and accreditation designation.

RESPONSE: STHH is fully licensed and accredited.

Please see **Tab 14 – Attachment Section B-D1** for a copy of STHH's hospital license.

Please see **Tab 15 – Attachment Section B-D1** for a copy of STHH's accreditation letters.

2) For existing providers, please provide a copy of the most recent statement of deficiencies/plan of correction and document that all deficiencies/findings have been corrected by providing a letter from the appropriate agency.

<u>RESPONSE</u>: A plan of correction was recently submitted by STHH and accepted by TDOH. STHH has no outstanding deficiencies. Please see **Tab 16** – **Attachment Section B-D2** for documentation.

- 3) Document and explain inspections within the last three survey cycles which have resulted in any of the following state, federal, or accrediting body actions: suspension of admissions, civil monetary penalties, notice of 23-day or 90-day termination proceedings from Medicare/Medicaid/TennCare, revocation/denial of accreditation, or other similar actions.
 - a) Discuss what measures the applicant has or will put in place to avoid similar findings in the future.

- E. Respond to all of the following and for such occurrences, identify, explain and provide documentation:
 - 1) Has any of the following:
 - a) Any person(s) or entity with more than 5% ownership (direct or indirect) in the applicant (to include any entity in the chain of ownership for applicant);
 - b) Any entity in which any person(s) or entity with more than 5% ownership (direct or indirect) in the applicant (to include any entity in the chain of ownership for applicant) has an ownership interest of more than 5%; and/or
 - c) Any physician or other provider of health care, or administrator employed by any entity in which any person(s) or entity with more than 5% ownership in the applicant (to include any entity in the chain of ownership for applicant) has an ownership interest of more than 5%.

RESPONSE: Acknowledged. Entities and persons with more than 5% ownership in the applicant have been identified and are addressed below.

- 2) Been subjected to any of the following:
 - a) Final Order or Judgment in a state licensure action;
 - b) Criminal fines in cases involving a Federal or State health care offense;
 - c) Civil monetary penalties in cases involving a Federal or State health care offense;
 - d) Administrative monetary penalties in cases involving a Federal or State health care offense;
 - e) Agreement to pay civil or administrative monetary penalties to the federal government or any state in cases involving claims related to the provision of health care items and services; and/or
 - f) Suspension or termination of participation in Medicare or Medicaid/TennCare programs.
 - g) Is presently subject of/to an investigation, regulatory action, or party in any civil or criminal action of which you are aware.
 - h) Is presently subject to a corporate integrity agreement.

<u>RESPONSE</u>: The applicant, Saint Thomas Highlands Hospital, LLC, is not subject to any of the actions identified above.

Similarly, Saint Thomas Health is not subject to any of the actions identified above.

F. Outstanding Projects:

1) Complete the following chart by entering information for each applicable outstanding CON by applicant or share common ownership; and

Outstanding Projects					
CON Number	Project Name	roject Name Date Approved Due Date D		gress Report(s) Date Filed	Expiration Date
CN1608-031A	Providence Surgery Center	12/14/16	12/14/17		2/1/19
CN1307- 029AM	Baptist Plaza Surgicare	10/23/13 7/23/14	Operational	Final project report pending	6/30/17

^{*} Annual Progress Reports – HSDA Rules require that an Annual Progress Report (APR) be submitted each year. The APR is due annually until the Final Project Report (FPR) is submitted (FPR is due within 90 ninety days of the completion and/or implementation of the project). Brief progress status updates are requested as needed. The project remains outstanding until the FPR is received.

2) Provide a brief description of the current progress, and status of each applicable outstanding CON.

RESPONSE: CN1608-031A was recently approved. CN1307-029AM has been open and operating since March 13, 2017. A final project report is pending.

- G. Equipment Registry For the applicant and all entities in common ownership with the applicant.
 - 1) Do you own, lease, operate, and/or contract with a mobile vendor for a Computed Tomography scanner (CT), Linear Accelerator, Magnetic Resonance Imaging (MRI), and/or Positron Emission Tomographer (PET)? Yes, Saint Thomas Health is a joint venture owner in Middle Tennessee Imaging
 - 2) If yes, have you submitted their registration to HSDA? If you have, what was the date of submission? Yes, various dates.

3) If yes, have you submitted your utilization to Health Services and Development Agency? If you have, what was the date of submission? Yes, various dates.

SECTION B: QUALITY MEASURES

Please verify that the applicant will report annually using forms prescribed by the Agency concerning continued need and appropriate quality measures as determined by the Agency pertaining to the certificate of need, if approved.

<u>RESPONSE</u>: Yes, STHH will continue to provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number, and type of procedures performed, and other data as required.

SECTION C: STATE HEALTH PLAN QUESTIONS

T.C.A. §68-11-1625 requires the Tennessee Department of Health's Division of Health Planning to develop and annually update the State Health Plan (found at http://www.tn.gov/health/topic/health-planning). The State Health Plan guides the State in the development of health care programs and policies and in the allocation of health care resources in the State, including the Certificate of Need program. The 5 Principles for Achieving Better Health are from the State Health Plan's framework and inform the Certificate of Need program and its standards and criteria.

Discuss how the proposed project will relate to the <u>5 Principles for Achieving Better Health</u> found in the State Health Plan.

A. The purpose of the State Health Plan is to improve the health of the people of Tennessee.

RESPONSE: Since 1992, the Senior Care program at Saint Thomas Highlands Hospital has been providing geropsychiatric inpatient services. Senior Care is a unit that provides optimum psychiatric care. The center specializes in working with older adults so that each person is treated as a unique and valuable individual by staff and physicians sensitive to the distinctive needs of seniors.

Senior Care has developed a special program designed for seniors suffering from depression and/or anxiety. These conditions are silent epidemics in our country today, and some studies suggest that at least one in five seniors is currently battling clinical depression.

Senior Care also has developed a special program to treat individuals suffering from problems with memory. Alzheimer's disease and other dementias occur in a greater number of people as more live to see an older age. While there is no cure there are medications that can slow the progressive decline. STHH utilizes both medication and behavioral modification techniques to minimize behaviors that cause risks to the patient or the caregivers. The goal is to improve quality of life. Senior Care provides close supervision with a secure unit that ensures the safety and security of each individual. STHH strives to bring peace of mind and partner with the families of patients to deliver hope, education, and resources.

B. People in Tennessee should have access to health care and the conditions to achieve optimal health.

RESPONSE: Provider support letters succinctly explain the reasons to approve the four-bed conversion at STHH.

- The senior population is growing in the Upper Cumberland region.
- More patients are suffering from Alzheimer's, dementia, etc.
- Extra capacity at STHH Senior Care will allow more patient s to be served.
- Extra capacity at STHH Senior Care will allow patients to be served more quickly.
- C. Health resources in Tennessee, including health care, should be developed to address the health of people in Tennessee while encouraging economic efficiencies.

<u>Response</u>: The STHH Senior Care program is the only such inpatient program in the service area. Thus, there is no duplication of services and there are no negative effects associated with this project. Converting four existing medical-surgical beds adjacent to the existing ten Senior Care beds at STHH was deemed the least costly, most effective and most efficient alternative to address the very high utilization of inpatient geropsychiatric beds.

D. People in Tennessee should have confidence that the quality of health care is continually monitored and standards are adhered to by providers.

<u>RESPONSE</u>: STHH maintains very active utilization review and quality improvement programs. STHH is licensed and fully accredited.

E. The state should support the development, recruitment, and retention of a sufficient and quality health workforce.

RESPONSE: The STHH Senior Care program is currently and appropriately staffed for a census of ten patients. A census of 12.6 patients is projected for Year 2 and will require approximately 4.6 more FTEs over the existing 15.9 FTEs. Additional staff will be recruited using the existing resources of both STHH and Saint Thomas Health.

PROOF OF PUBLICATION

Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper that includes a copy of the publication as proof of the publication of the letter of intent.

RESPONSE: Please see Tabs 17 and 18 - Proof of Publication.

NOTIFICATION REQUIREMENTS

(Applies only to Nonresidential Substitution-Based Treatment Centers for Opiate Addiction)

Note that T.C.A. §68-11-1607(c)(9)(A) states that "...Within ten (10) days of the filing of an application for a nonresidential substitution-based treatment center for opiate addiction with the agency, the applicant shall send a notice to the county mayor of the county in which the facility is proposed to be located, the state representative and senator representing the house district and senate district in which the facility is proposed to be located, and to the mayor of the municipality, if the facility is proposed to be located within the corporate boundaries of a municipality, by certified mail, return receipt requested, informing such officials that an application for a nonresidential substitution-based treatment center for opiate addiction has been filed with the agency by the applicant."

Failure to provide the notifications described above within the required statutory timeframe will result in the voiding of the CON application.

Please provide documentation of these notifications.

DEVELOPMENT SCHEDULE

T.C.A. §68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

- 1. Complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.
- 2. If the response to the preceding question indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph, please state below any request for an extended schedule and document the "good cause" for such an extension.

RESPONSE: Please see the project forecast completion chart, below.

PROJECT COMPLETION FORECAST CHART

Assuming the Certificate of Need (CON) approval becomes the final HSDA action on the date listed in Item 1. below, indicate the number of days from the HSDA decision date to each phase of the completion forecast.

Phase	<u>Days</u> Required	Anticipated Date [Month/Year]
Initial HSDA decision date		10/2017
Architectural and engineering contract signed	10	11/2017
Construction documents approved by the Tennessee Department of Health	10	11/2017
Construction contract signed	10	11/2017
Building permit secured	10	12/2017
6. Site preparation completed	N/A	12/2017
7. Building construction commenced	5	12/2017
8. Construction 40% complete	10	12/2017
9. Construction 80% complete	10	12/2017
10. Construction 100% complete (approved for occupancy	10	01/2018
11. *Issuance of License	10	01/2018
12. *Issuance of Service	10	01/2018
13. Final Architectural Certification of Payment	30	02/2018
14. Final Project Report Form submitted (Form HR0055)	30	03/2018

^{*}For projects that <u>DO NOT</u> involve construction or renovation, complete Items 11 & 12 only.

NOTE: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date

AFFIDAVIT

STATE OF Tennessee	=
COUNTY OF Davidson	
	_, being first duly sworn, says that he/she is the
applicant named in this application or his/her/its la	
accordance with the application, that the applicar	
Rules of the Health Services and Development Ag	•
the responses to this application or any other	questions deemed appropriate by the Health
Services and Development Agency are true and co	omplete.
5	SIGNATURE/TITLE
Sworn to and subscribed before me this day	y of Owe (Year) a Notary
Public in and for the County/State of AJi	DSOD Conty, IN
	NOTARY PUBLIC
My commission expiresO\ (Month/Day).	<u>O 18</u> .
	STATE OF TENNESSEE NOTARY PUBLIC
HF-0004 Revised 12/2016	56 STHH, June 2017

THE STRATEGY HOUSE, INC. 71 VICKERY STREET ROSWELL, GA 30075

SECURITY FEATURES INCLUDE TRUE WATERMARK PAPER, HEAT SENSITIVE ICON AND FOIL HOLOGRAM PAST CITZENS BANK

3421

84-9184/611 CHECK MENT

6/12/2017

PAY TO THE ORDER OF_

TN Health Services and Development Agency

**15,000.00

Fifteen Thousand and 00/100***

DOLLARS

TN Health Services and Development Agency Andrew Jackson Building, 9th Floor 502 Deaderick Street Nashville, TN 37243

MEMO



AUTHORIZED SIGNATURE

TABLE OF CONTENTS

Section A Attachments

- Tab 1 Corporate Organization Documents
- Tab 2 Organizational Charts
- Tab 3 Site Entitlement Documentation
- Tab 4 Plot Plan
- Tab 5 Floor Plan
- Tab 6 'Bed Neutral' Certification Letter

Section B Attachments

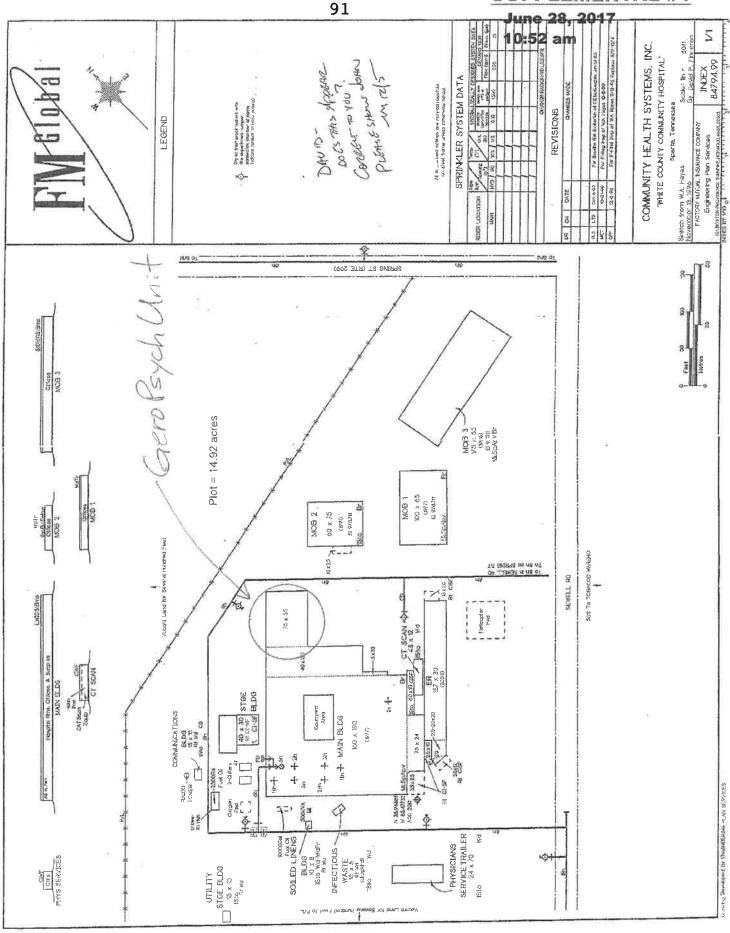
- Tab 7 Letters of Support
- Tab 8 Construction Cost Verification Letter
- Tab 9 Funding Letter
- Tab 10 Financial Statements
- Tab 11 Financial Assistance Policies
- Tab 12 Medical Director: qualifications & employment
- Tab 13 Quality Management & Utilization Management
- Tab 14 Hospital License
- Tab 15 Accreditation
- Tab 16 Licensure & Regulatory Compliance
- Tab 17 HSDA Letter of Intent
- Tab 18 Evidence of Publication

Section A

- Tab 1 Corporate Organization Documents
- Tab 2 Organizational Charts
- Tab 3 Site Entitlement Documentation
- Tab 4 Plot Plan
- Tab 5 Floor Plan
- Tab 6 'Bed Neutral' Certification Letter

Tab 1

TAB 4, Attachment Section A-6B-1 Global Site Plan



Attachment Section A-6B-2

Floor Plan

June 28, 2017 10:52 am

Geri-Psych Unit Renovation Saint Thomas Highlands Hospital Existing Geralsych 15 PARENT RM. 120 PATEN I (2) Proposed Patient Rooms PA SNT PA THE to E 000R 30P vec/usion 0.0 25 Apr FAM T NURSE STA 왕 강 왕 SFNIOR CARE PROCRAN DIR ACTIVITY/ JAING 日本 25 (5) P. 12 N. 12 MALLY WAS THE Percion Percion CORRIDA March 22, 2017 GS&P #19252.44 GLAN PATANT CARE SCRWCUS SMITH AND PARTNESS 4

Attachment Section A-10 'Bed Neutral' Certification Letter



May 8, 2017

Melanie Hill, Executive Director Health Services and Development Agency Andrew Jackson Building, 9th Floor 502 Deaderick Street Nashville, TN37243

RE: Certificate of Need Application - Saint Thomas Highlands Hospital

Dear Ms. Hill:

Saint Thomas Highlands Hospital ("Highlands") is currently licensed for a total of 60 beds, including 10 geropsychiatric beds. Upon CON approval and implementation of the proposed 4-bed geropsychiatric expansion project, Highlands will de-license 4 medical-surgical beds.

This approach will be "bed neutral" on the healthcare delivery system while improving the quality of our inpatient geropsychiatric services and patient outcomes. It is consistent with Saint Thomas' long standing goal to maximize existing resources to the fullest extent possible before increasing service capacity.

For reasons set forth in the application itself, I hope the Agency members will approve this bed reconfiguration project.

Sincerely,

Andy Wachtel
President & CEO

Saint Thomas Highlands

Section B

- Tab 7 Letters of Support
- Tab 8 Construction Cost Verification Letter
- Tab 9 Funding Letter
- Tab 10 Financial Statements
- Tab 11 Financial Assistance Policies
- Tab 12 Medical Director: qualifications & agreement
- Tab 13 Quality Management & Utilization Management
- Tab 14 Hospital License
- Tab 15 Accreditation
- Tab 16 Licensure & Regulatory Compliance
- Tab 17 HSDA Letter of Intent
- Tab 18 Evidence of Publication

Attachment Section B-A1 Letters of Support

May 9, 2017

Melanie M. Hill, Executive Director Health Services and Development Agency Andrew Jackson Building, Ninth Floor 502 Deaderick Street Nashville, TN 37243

Dear Ms. Hill:

I am writing this letter of support for the conversion of four general hospital beds to four psychiatric beds (14 total) at Saint Thomas Highlands Hospital in Sparta, Tennessee.

I am a Nurse Practitioner who has been practicing in Sparta for three years. I solely treat elderly patients with psychiatric conditions who would benefit tremendously from the bed conversion proposed by Saint Thomas Highlands Hospital. Expansion of the existing Geriatric Psychiatry unit will allow more patients in the Upper Cumberland region who are suffering from Alzheimer's, Dementia, etc., to receive the treatment they need to lead healthy lives.

I urge the members of the Health Services and Development Agency to approve this project for the good of the patients we serve.

Sincerely,

Kimerly Neal, NP

Highlands Senior Care

Kunal NP

May 9, 2017

Melanie M. Hill, Executive Director Health Services and Development Agency Andrew Jackson Building, Ninth Floor 502 Deaderick Street Nashville, TN 37243

Dear Ms. Hill:

I am writing on behalf of Saint Thomas Highlands Hospital and its CON application to expand its inpatient geropsychiatric program by four beds.

My elderly patients often require treatment of various Psychiatric conditions. The proposed bed conversion will not only improve availability of care for the patient, but will also enhance continuity of care throughout the Upper Cumberland region. With a growing senior population, the need for the services provided in the geropsychiatric unit at Saint Thomas Highlands will continue to grow.

Ms. Hill, thank you for considering Saint Thomas Highlands Hospital's application. I hope the Agency members will grant a favorable decision in this matter.

Sincerely,

Lori Austin, M.D. Internal Medicine May 9, 2017

Melanie M. Hill, Executive Director Health Services and Development Agency Andrew Jackson Building, Ninth Floor 502 Deaderick Street Nashville, TN 37243

Dear Ms. Hill:

I am an Internal Medicine physician who has been practicing in Sparta, Tennessee for 7 years. Many of my patients are elderly and experience psychiatric conditions requiring inpatient stays in the geropsychiatric unit at Saint Thomas Highlands Hospital. The proposed conversion of four general hospital beds to four psychiatric beds would benefit my patients, and other patients in the area, tremendously. Granting this CON request will allow physicians to have quicker access to these services for our aging patient population.

I am in favor of these plans and urge the members of the Health Services and Development Agency to approve this project for the greater good of the region we serve.

Thank you for your time and consideration of Saint Thomas Highlands Hospital's application.

Sincerely,

Robert Knowles, M.D. Internal Medicine

Attachment Section B-A5 Construction Cost Verification Letter

103



June 28, 2017 10:52 am

June 26, 2017

Andy Wachtel, FACHE
President and Chief Executive Officer
St Thomas Highlands
Sparta, TN 38583

RE: Verification of costs for St Thomas Highlands Hospital Renovations for Gero-Psych Unit Renovation

Dear Mr. Wachtel:

As I understand the initial scope and schedule, Highlands Hospital of Sparta, TN is planning on renovating their existing behavioral health patient unit to accommodate two (2) additional Geropsychiatric patient rooms. Additional scope has been identified to relocate the unit such as updates to a smoke-compartment assembly with penetrations, relocate of control doors and corridor renovations in addition to the patient rooms themselves for a total approximate 900 square feet. Although this initial scope is preliminary I have toured the facility along with the Owner and other General Contractor consultants and have reviewed their cost estimates for the work.

In my opinion the current construction estimate of \$204,701 (\$227 / SF) along with the total estimated project estimate of \$336,000 including fees, equipment construction and other professional services for the above project description are reasonable, based on similar projects. Additionally, the physical environment of the renovated limits of construction will be designed to meet applicable federal standards and licensing agency's requirements including the AIA/FGI Guidelines for Design and Construction of Health Care Facilities.

Please do not hesitate to contact me if you have any questions.

Sincerely,

Day'd Magner, AIA NCA B TN Registration #1030 2

Attachment Section B-B5 Funding Letter



June 28, 2017 10:52 am

June 27, 2017

Ms. Melanie Hill, Executive Director Tennessee Health Services and Development Agency Andrew Jackson Building, 9th Floor 502 Deaderick Street Nashville, TN 37243

RE: Certificate of Need Application - Saint Thomas Highlands Hospital

Dear Ms. Hill:

Saint Thomas Health has a centralized cash management program for managing and investing operating funds for all Saint Thomas Health hospitals, including Saint Thomas Highlands Hospital. This letter is to confirm that Saint Thomas Health has available more than sufficient resources to fund the CON cost of \$358,226 required to implement Highlands Hospital's project to expand its inpatient geropsychiatric beds. Thank you for attention to this matter.

Sincerely,

Justin McElroy

Vice President, Finance

Saint Thomas Health

102 Woodmont Blvd., Suite 800 Woodmont Centre Nashville, TN 37205 SaintThornasHealth.com

Attachment Section B-C2 Medical Director Qualifications Medical Director Agreement Renewal

Lanny Michael Leftwich, Jr. M.D.

Board Certified Psychiatrist

1936 Forest Circle, Cookeville, TN 38506 931-644-2460

CURRENT EMPLOYMENT

May 2007-Present June 2005-Present

Bradford Health Systems - Medical Director of Substance Rehab Program Valor Healthcare/Corporate Health & Wellness - VA Contract Staff Psychiatrist

(contract has changed to each of the above contracting agents)

PAST EMPLOYMENT

2011 - Feb 2014 Oakpoint Geropsych Hospital - Interim Medical Director @Various times ORN Feb 2008-Sept 2009 Generations Mental Health Ctr - Medical Director of Community MH Clinic

June 2005-Sept 2007 Psychiatric Assoc of the Cumberlands, PLLC - Founder and Medical Director

of Private Psychiatric Firm

Oct 2002-June 2005 Centerstone Behavioral Health - Staff Psychiatrist

May 2001 - Oct 2002 Cherokee Health Services - Staff Psychiatrist

Palmetto Health Alliance - Psychiatry Resident

July 1997-May 2001

Bryan Psychiatric Hospital - Physician Moonlighting

Hall Psychiatric Institute - Physician Moonlighting

1991-1993

Cookeville General Hospital - Phlebotomist

1990-1991

Deloitte & Touche - Tax Staff (Certified Public Accountant)

EDUCATION

Residency

University of South Carolina - completed 2001

Medical

University of Tennessee, Memphis, TN

Doctor of Medicine, May 1997

Undergraduate

Tennessee Technological University, Cookeville, TN

Bachelor of Science in Accounting, July 1986-May 1990

(Certified Public Accountant - 1991)

HONORS AND EXTRACURRICULAR ACTIVITIES

Post Medical

Finance Committee - local Church

Enrollment Mgmt Committee - local school system

Medical

Residency Selection Committee

Professionalism Committee

Peer Counselor to first year medical students American Psychiatric Association Member

RENEWAL OF AGREEMENT OR CONTRACT

(Capella 110) (Rev. 3/13/06)

This RENEWAL, dated 20 day of March . 20 5, is attached to and incorporated into that Professional Services Agreement (hereinafter "Original Agreement") dated the 30th day of April, 2014, by White County Community Hospital, LLC d/b/a Highlands Medical Center (the "Facility") and Lanny Leftwich, M.D. ("Physician").

WHEREAS, the parties hereto mutually desire to extend the term of the Original Agreement on terms and conditions set forth herein;

NOW, THEREFORE, it is agreed as follows:

- 1. The Original Agreement is hereby readopted and reaffirmed and its terms and conditions are incorporated herein by reference (check and complete one box, as appropriate):
 - 1.1
 No other term, condition or requirement of the Original Agreement is hereby modified or amended except as provided in paragraph 2 below.

1.2	The Original Agreement is amended in the following manner:							

- 2. The term of the Original Agreement is hereby extended for an additional period commencing upon the expiration date of the Original Agreement and ENDING on <u>April 30th</u>, 2018.
- 3. Interim final rules published March 26, 2004, in Federal Register Vol. 69, No. 59, 42 CFR'411.357 (d)(1)(ii) implementing 42 USC '1395nn <u>et seq.</u>, require entities with which physicians or their family members have financial arrangements to cross-reference all such agreements for ease of audit purposes.
 - 3.1 MO CHANGES. There are no changes to the prior cross-reference addendum;
 - 3.2 UPDATED LIST. The following list constitutes all agreements existing as of the date of this Renewal Agreement between the Facility and the Physician or the Physician's family members:

Name of Contract Party	Relation to Physician Source of Referrals	Description of Contract	Start of Term	End of Term

4. Physician agrees to comply with the Health Insurance Portability and Accountability Act of 1996, as codified at 42 U.S.C. § 1320d ("HIPAA") and any current and future regulations promulgated thereunder including without limitation the federal privacy regulations contained in 45 C.F.R. Parts 160 and 164 (the "Federal Privacy Regulations"), the federal security standards contained in 45 C.F.R. Part 142 (the "Federal Security Regulations"), and the federal standards for electronic transactions contained in 45 C.F.R. Parts 160 and 162, all collectively referred to herein as "HIPAA Requirements." Physician agrees not to use or further disclose any Protected Health Information (as

Renewal of Agreement or Contract (Capella 110) (Lanny Leftwich, M.O. Renewal Agreement) Page 1 of 2 defined in 45 C.F.R. Section 164.501) or Individually Identifiable Health Information (as defined in 42 U.S.C. Section 1320d), other than as permitted by HIPAA Requirements and the terms of this Agreement.

Physician will make its internal practices, books, and records relating to the use and disclosure of Protected Health Information available to the Secretary of Health and Human Services to the extent required for determining compliance with the Federal Privacy Regulations.

- Neither this Renewal Agreement nor any amendment or modification hereto shall be effective or legally binding upon Facility, or any officer, director, employee or agent thereof, unless and until it has been reviewed and approved in writing by a Senior Vice President of Facility's owner and by Facility's Legal Counsel.
- 6. CERTIFICATE. By signature hereto, the Facility CEO hereby certifies that the Original Agreement as amended covers all services to be rendered, that the compensation, including any bonuses, is at fair market for identifiable services and not determined in a manner based upon volume or value of referrals, that production bonuses, if any, exclude ancillary services and that there are no side agreements.

PHYSICIAN:

Lanny Leftwich, M.D.

By:

Name: ANNU

Title: Medical Director

Date: 3/26/15

FACILITY:

White County Community Hospital, LLC d/b/a Highlands Medical Center

Бу:___

Name: Bill Little

Title: Chief Executive Officer

Date: 3-26-15

Attachment Section B-F1

Saint Thomas Highlands Balance Sheet Saint Thomas Highlands Statement of Operations Ascension Health Audited Financial Statements

Saint Thomas Highlands Hospital Balance Sheet at Nine Months Ending of Fiscal Year 2017 (Dollars in Thousands)

March 31, 2017	665 0 0 52 14,189	\$15,890	0 %	0 0 172 \$172	\$16,062	\$11,280 \$156 \$27,498
LIABILITIES AND NET ASSETS CURRENT LIABILITIES Current Portion of Long-Term Debt Accounts Payable	AR Credit Balances, Net Accrued Liabilities Estimated Settlements to Third-Party Payors Current Portion of Self-Insurance Liability Total Other Current Liabilities	Total Current Liabilities NONCURENT LIABILITIES Long-Term Debt	Centralized Debt Management System Net Long-Term Debt	Outer Long-Lerm Liabilities Self-Insurance Liabilitis Pension and Other Post Retirement Benefits Other Total Noncurrent Liabilities	Total Liabilities NET ASSETS	Unrestricted Net Assets Current Year Net Income Total Liabilities and Net Assets
March 31, 2017 \$29 12,461	-9,063 \$3,398 300 14,552	\$19,167	\$600 7,406	1,031 273 -1,361 \$7,949	382 \$382	\$27,498
ASSETS CURRENT ASSETS: Cash and Cash Equivalents Gross Patient Accounts Receivable	Less Allowances Patient Accounts Receivable, Net Estimated Settlements from Third-Party Payors Total Intercompany Receivables Total Inventory	Total Current Assets Total Current Assets PROPERTY AND EQUIPMENT	Land and Improvements Buildings Equipment	Construction in Progress Less Accumulated Depreciation Total Property and Equipment, Net Other Assets:	Investments in Unconsolidated Entities Other Total Other Assets	Total Assets

Saint Thomas Highlands Hospital Statement of Operations For Nine Months Ending March 31, 2017 of 2017 Fiscal Year

GROSS PATIENT SERVICE REVENUE:	
Total Inpatient Routine Revenue	\$6,586,021
Inpatient Ancillary Revenue	16,818,561
Outpatient Revenue	58,536,639
Total Gross Patient Service Revenue	\$81,941,221
REVENUE DEDUCTIONS:	
Charity Care	\$2,767,360
Medicare Deductions	32,766,466
Medicaid Deductions	11,791,917
Blue Cross Deductions	13,312,123
HMO/PPO Deductions	1,366,571
Other Revenue and Contract Deductions	4,858,594
Total Revenue Deductions	\$66,863,032
Net Patient Service Revenue	\$15,078,189
OTHER REVENUE:	
Other Revenue	\$698,284
Gain on Sale of Assets	0
Income from Unconsolidated Entities	0
Total Other Revenue	<u>\$698,284</u>
Total Operating Revenue	\$15,776,474
OPERATING EXPENSES:	
Salaries and Wages	\$5,086,004
Employee Benefits	1,438,691
Purchasd Services	3,328,631
Professional Fees	690,382
Supplies	2,562,940
Insurance	70,632
Interest	0
Income Tax	0
Depreciation	644,405
Amortization Other Operating Expenses	121,635 1,645,078
Total Operating Expenses	\$15,588,397
Income (Loss) From Recurring Operations	188,077
	100,071
Recurring Op Inc before Non-Recurring Items Total Impair Write-Down, Restruct, Non-Recurr	18,971
Income (Loss) from Operations	\$169,106
• •	ψ100,100
NONOPERATING GAINS (LOSSES):	40.000
Other Non-Operating Activity	-13,000
Total Non-Operating Gains (Losses), Net	-\$13,000
Income (Loss) Before Other NonOper Items	\$156,106
Net Income (Loss)	<u>\$156,106</u>

June 28, 2017 10:52 am

Saint Thomas West Hospital Balance Sheet at Nine Months Ending of Fiscal Year 2017 (Dollars in Thousands)

March 31, 2017	\$1,286	11,131	1,031		ors 3.754		81	\$842.028				97.004	\$97.004			6998		245	\$97,918	\$60.00	933,340		\$81,511	\$26,394	\$1,047,851
LIABILITIES AND NET ASSETS	Current Portion of Long-Term Debt	Accounts Payable	AR Credit Balances, Net	Accrued Liabilities	Estimated Settlements to Third-Party Payors	Current Portion of Self-Insurance Liability	Total Other Current Liabilities	Total Current Liabilities		NONCURENT LIABILITIES	Long-Term Debt	Centralized Debt Management System	Net Long-Term Debt		Other Long-Term Liabilities	Self-Insurance Liabilitiv	Pension and Other Post Retirement Benefits	Other	Total Noncurrent Liabilities	Total Liabilities		NET ASSETS	Unrestricted Net Assets	Current Year Net Income	Total Liabilities and Net Assets
March 31, 2017	\$10,809	184,214	-130,581	\$53,633	8,973	804,762	6,887	2,276	\$890,340				\$10,098	321,977	156,602	1,479	-352,782	\$137,374		986.9	13,151	\$20,137		\$1,047,851	
ASSETS CURRENT ASSETS:	Cash and Cash Equivalents	Jose Allement Accounts Receivable	Less Allowances	Fatient Accounts Receivable, Net	Estimated Settlements from Third-Party Payors	Total Intercompany Receivables	Total Inventory	Total Other Current Assets	Total Current Assets		PROPERTY AND EQUIPMENT		Land and Improvements	Buildings	Equipment	Construction in Progress	Less Accumulated Depreciation	Total Property and Equipment, Net	Other Assets:	Investments in Unconsolidated Entities	Other	Total Other Assets		lotal Assets	

June 28, 2017 10:52 am

Saint Thomas West Hospital Statement of Operations

For Nine Months Ending March 31, 2017 of 2017 Fiscal Year

GROSS PATIENT SERVICE REVENUE:	
Total Inpatient Routine Revenue	\$169,661,546
Inpatient Ancillary Revenue	775,599,824
Outpatient Revenue	484,515,858
Total Gross Patient Service Revenue	\$1,429,777,228
REVENUE DEDUCTIONS:	
Charity Care	\$41,958,923
Medicare Deductions	712,947,284
Medicaid Deductions	63,866,565
Blue Cross Deductions	166,503,252
HMO/PPO Deductions	76,466,264
Other Revenue and Contract Deductions	55,674,255
Total Revenue Deductions	\$1,117,416,544
Net Patient Service Revenue	\$312,360,684
OTHER REVENUE:	
Other Revenue	\$16,490,941
Gain on Sale of Assets	2,250
Income from Unconsolidated Entities	1,587,790
Total Other Revenue	<u>\$18,080,981</u>
Total Operating Revenue	\$330,441,666
OPERATING EXPENSES:	
Salaries and Wages	\$71,541,996
Employee Benefits	14,655,975
Purchasd Services	97,891,992
Professional Fees	6,133,801
Supplies	72,140,449
Insurance	1,854,568
Interest	2,541,743
Income Tax	40 704 404
Depreciation Amortization	13,784,161
Other Operating Expenses	246,489 22,265,397
Total Operating Expenses	\$303,056,571
Income (Loss) From Recurring Operations	27,385,094
Recurring Op Inc before Non-Recurring Items Total Impair Write-Down, Restruct, Non-Recurr	0
Income (Loss) from Operations	\$27,385,094
NONOPERATING GAINS (LOSSES):	
Other Non-Operating Activity	-991,305
Total Non-Operating Gains (Losses), Net	-\$991,305
Income (Loss) Before Other NonOper Items	\$26,393,789
Net Income (Loss)	\$26,393,789

CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Ascension Health Alliance d/b/a Ascension Years Ended June 30, 2016 and 2015 With Reports of Independent Auditors

Ascension

Consolidated Financial Statements and Supplementary Information

Years Ended June 30, 2016 and 2015

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Ernst & Young LLP The Plaza in Clayton Suite 1300 190 Carondelet Plaza St. Louis, MO 63105-3434 Tel: +1 314 290 1000 Fax: +1 314 290 1882 ey.com

Report of Independent Auditors

Board of Directors Ascension Health Alliance d/b/a Ascension

We have audited the accompanying consolidated financial statements of Ascension Health Alliance d/b/a Ascension, which comprise the consolidated balance sheets as of June 30, 2016 and 2015, and the related consolidated statements of operations and changes in nets assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Ascension Health Alliance d/b/a Ascension at June 30, 2016 and 2015, and the consolidated results of their operations and their cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Ernst + Young LLP

September 12, 2016

Ascension

Consolidated Balance Sheets (Dollars in Thousands)

	June	e 30,
	2016	2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 696,237	\$ 688,228
Short-term investments	122,545	146,822
Accounts receivable, less allowance for doubtful accounts	·	-
(\$1,362,060 and \$1,280,568 at June 30, 2016 and 2015, respectively)	2,746,506	2,520,115
Inventories	349,077	324,423
Due from brokers (see Notes 4 and 5)	313,717	148,865
Estimated third-party payor settlements	186,354	226,122
Other (see Notes 4 and 5)	978,744	973,109
Total current assets	5,393,180	5,027,684
Long-term investments (see Notes 4 and 5)	15,069,123	14,990,505
Property and equipment, net	9,020,005	8,273,930
Other assets:		
Investment in unconsolidated entities	1,115,871	789,693
Capitalized software costs, net	926,710	790,881
Other (see Notes 4 and 5)	944,288	972,197
Total other assets	2,986,869	2,552,771
Total accept	ng 193 (189 5120)	
Total assets	\$ 32,469,177	\$ 30,844,890

		Jun			
		2016		2015	
Liabilities and net assets					
Current liabilities:					
Current portion of long-term debt	\$	96,193	\$	84,985	
Long-term debt subject to short-term remarketing arrangements*		1,666,245		1,176,790	
Accounts payable and accrued liabilities (see Notes 4 and 5)		2,500,748		2,314,922	
Estimated third-party payor settlements		513,677		416,908	
Due to brokers (see Notes 4 and 5)		105,660		131,061	
Current portion of self-insurance liabilities		219,638		247,356	
Other		292,044		367,130	
Total current liabilities		5,394,205		4,739,152	
Noncurrent liabilities:					
Long-term debt (senior and subordinated)		5,427,616		5,010,084	
Self-insurance liabilities		513,985		513,856	
Pension and other postretirement liabilities		1,298,653		564,342	
Other (see Notes 4 and 5)		1,241,678		1,034,794	
Total noncurrent liabilities		8,481,932		7,173,076	
Total liabilities		13,876,137		11,912,228	
Net assets:					
Unrestricted					
Controlling interest		16,498,086		16,749,357	
Noncontrolling interests		1,429,444		1,572,608	
Unrestricted net assets		17,927,530		18,321,965	
Temporarily restricted		467,994		417,909	
Permanently restricted	_	197,516		192,788	
Total net assets	_	18,593,040		18,932,662	
Total liabilities and net assets	\$	32,469,177	\$	30,844,890	

^{*}Consists of variable rate demand bonds with put options that may be exercised at the option of the bondholders, with stated repayment installments through 2047, as well as certain serial mode bonds with scheduled remarketing/mandatory tender dates occurring prior to June 30, 2017. In the event that bonds are not remarketed upon the exercise of put options or the scheduled mandatory tenders, management would utilize other sources to access the necessary liquidity. Potential sources include liquidating investments, a draw on the line of credit to taking \$1 billion, and is suing commercial paper. The commercial paper program is supported by \$500 million of the \$1 billion line of credit.

The accompanying notes are an integral part of the consolidated financial statements.

Attachment Section B-D1

Award Letter: The Joint Commission

Accreditation Report: The Joint Commission

Re-Visit Report: The Joint Commission

March 1, 2017

Robert A. Wachtel CEO Saint Thomas Highlands Hospital, LLC 401 Sewell Road Sparta, TN 38583 Joint Commission ID #: 7909 Program: Hospital Accreditation Accreditation Activity: Unannounced Full Event Accreditation Activity Completed: 02/24/2017

Dear Mr. Wachtel:

The Joint Commission thanks Saint Thomas Highlands Hospital, LLC for participating in the accreditation process.

Your organization received Requirement(s) for Improvement during its recent survey. These Requirement(s) for Improvement and follow-up activities have been summarized in the Accreditation Report that is posted on your secure extranet site, The Joint Commission Connect.

Please be assured that The Joint Commission will keep the report confidential, except as required by law. To ensure that The Joint Commission's information about your organization is always accurate and current, our policy requires that you inform us of any changes in the name or ownership of your organization or the health care services you provide.

Sincerely,

Mark G.Pelletier, RN, MS

Chief Operating Officer

Division of Accreditation and Certification Operations



Official Accreditation Report

Saint Thomas Highlands Hospital, LLC 401 Sewell Road Sparta, TN 38583

Organization Identification Number: 7909

Unannounced Full Event: 2/21/2017 - 2/24/2017

Report Contents

Executive Summary

Survey Analysis for Evaluating Risk (SAFER™)

All Requirements for Improvement (RFIs) are plotted on the SAFER matrix according to the likelihood the issue could cause harm to patient(s), staff, and/or visitor(s), and the scope at which the RFI is observed. Combined, these characteristics identify a risk level for each RFI, which in turn will determine the level of required post-survey follow up. As the risk level of an RFI increases, the placement of the standard and Element of Performance moves from the bottom left corner to the upper right.

Requirements for Improvement

Observations noted within the Requirements for Improvement (RFI) section require follow up through the Evidence of Standards Compliance (ESC) process (*Please note, if your survey event resulted in a Preliminary Denial of Accreditation status, other follow-up events may apply*). The identified timeframes of submission for each observation are found within the Requirements for Improvement Summary portion of the final onsite survey report. If a follow-up survey is required, the unannounced visit will focus on the requirements for improvement although other areas, if observed, could still become findings. The time frame for performing the unannounced follow-up visit is dependent on the scope and severity of the issues identified within the Requirements for Improvement.

The Joint Congrission

Executive Summary

Program(s)
Hospital Accreditation

Survey Date(s) 02/21/2017-02/24/2017

Hospital Accreditation:

As a result of the accreditation activity conducted on the above date(s), Requirements for Improvement have been identified in your report.

You will have follow-up in the area(s) indicated below:

- As a result of a Condition Level Deficiency, an Unannounced Medicare
 Deficiency Follow-up Survey will occur. Please address and correct any
 Condition Level Deficiencies immediately, as the follow-up event addressing
 these deficiencies will occur within 45 days of the last survey date identified
 above. The follow-up event is in addition to the written Evidence of
 Standards Compliance response.
- Evidence of Standards Compliance (ESC)

If you have any questions, please do not hesitate to contact your Account Executive.

Thank you for collaborating with The Joint Commission to improve the safety and quality of care provided to patients.

Organization Identification Number: 7909

The Joint Commission SAFER™ Matrix Description

All Requirements for Improvement (RFIs) are plotted on the SAFER matrix according to the likelihood the issue could cause harm to patient(s), staff, and/or visitor(s), and the scope at which the RFI is observed. Combined, these characteristics identify a risk level for each RFI, which in turn will determine the level of required post-survey follow up. As the risk level of an RFI increases, the placement of the standard and Element of Performance moves from the bottom left corner to the upper right. The definitions for the Likelihood to Harm a Patient/Staff/Visitor and Scope are as follows:

Likelihood to Harm a Patient/Staff/Visitor:

- Low: harm could happen, but would be rare
- Moderate: harm could happen occasionally
- High: harm could happen any time

Scope:

- Limited: unique occurrence that is not representative of routine/regular practice, and has the potential to impact only one or a very limited number of patients, visitors, staff
- Pattern: multiple occurrences of the deficiency, or a single occurrence that has the potential to impact more than a limited number of patients, visitors, staff
- Widespread: deficiency is pervasive in the facility, or represents systemic failure, or has the potential to impact most/all patients, visitors, staff

All Evidence of Standards Compliance (ESC) forms, which outline corrective actions, will be due in 60 days (*Please note, if your survey event resulted in a Preliminary Denial of Accreditation status, other follow-up events may apply*). For those findings of a higher risk, two additional fields will be required within the ESC for the organization to provide a more detailed description of leadership involvement and preventive analysis to assist in sustainment of the compliance plan. Additionally, these higher risk findings will be provided to surveyors for possible review or onsite validation during any subsequent onsite surveys, up until the next full triennial survey occurs. The below legend illustrates the follow-up activity associated with each level of risk.

SAFER Matrix Placement	Required Follow-Up Activity
HIGH/LIMITED, HIGH/PATTERN, HIGH/WIDESPREAD	 60 day Evidence of Standards Compliance (ESC) -ESC will include Who, What, When, and How sections ESC will also include two additional areas surrounding Leadership Involvement and Preventive Analysis Finding will be highlighted for potential review by surveyors on subsequent onsite surveys up to and including the next full survey
MODERATE/PATTERN, MODERATE/WIDESPREAD	 60 day Evidence of Standards Compliance (ESC) -ESC will include Who, What, When, and How sections ESC will also include two additional areas surrounding Leadership Involvement and Preventive Analysis Finding will be highlighted for potential review by surveyors on subsequent onsite surveys up to and including the next full survey
MODERATE/LIMITED, LOW/PATTERN, LOW/WIDESPREAD	60 day Evidence of Standards Compliance (ESC) -ESC will include Who, What, When, and How sections
LOW/LIMITED	60 day Evidence of Standards Compliance (ESC) -ESC will include Who, What, When, and How sections

Note: If an Immediate Threat to Health and Safety, also known as Immediate Threat to Life (ITL), is discovered during a survey, the organization immediately receives a preliminary denial of accreditation (PDA) and, within 72 hours, must either entirely eliminate that ITL or implement emergency interventions to abate the risk to patients (with a maximum of 23 days to totally eliminate the ITL). Please see the Accreditation Process Chapter within the Comprehensive Accreditation Manual for more information.

The Joint Commission SAFER™ Matrix Description

The Joint Coppysission SAFER Matrix

Secretary of the secret

Hospital Accreditation Program

	ITL			
Patient/Visitor/Staff	High		IC.02.02.01 EP 2	EC.02.06.01 EP 1
Likelihood to Harm a Patient/\	Moderate	MM.05.01.11 EP 2 MS.06.01.05 EP 2 NPSG.03.04.01 EP 5 PC.02.01.03 EP 1 PC.02.01.03 EP 7	EC.02.03.01 EP 1 MM.04.01.01 EP 13	
Likel	Low	LS.02.01.10 EP 7 LS.02.01.10 EP 10 LS.02.01.30 EP 11 LS.02.01.30 EP 18 LS.02.01.35 EP 4 LS.02.01.35 EP 6 PC.02.02.03 EP 11	EC.02.03.03 EP 3	

Limited	Pattern	Widespread			
	Scope				

Requirements for Improvement - Summary

Observations noted within the Requirements for Improvement (RFI) section require follow up through the Evidence of Standards Compliance (ESC) process. The timeframe assigned for completion is due in 60 days. (Please note: If your survey event resulted in a Preliminary Denial of Accreditation status, your organization may need to submit a Plan Of Correction in 10 days or an ESC in 45 days.) The identified timeframes of submission for each observation are found within the Requirements for Improvement Summary portion of the final onsite survey report. If a follow-up survey is required, the unannounced visit will focus on the requirements for improvement although other areas, if observed, could still become findings. The time frame for performing the unannounced follow-up visit is dependent on the scope and severity of the issues identified within the Requirements for Improvement.

The Joint Commission Summary of CMS Findings

CoP:

§482.25

Tag: A-0489

Deficiency: Standard

Corresponds to: HAP

Text:

§482.25 Condition of Participation: Pharmaceutical Services

The hospital must have pharmaceutical services that meet the needs of the patients. The institution must have a pharmacy directed by a registered pharmacist or a drug storage area under competent supervision. The medical staff is responsible for developing policies and procedures that minimize drug errors. This function may be delegated to the hospital's organized pharmaceutical service.

CoP Standard	Tag	Corresponds to	Deficiency
§482.25(a)(3)	A-0494	HAP - MM.05.01.11/EP2	Standard

CoP:

§482.41

Tag: A-0700

Deficiency: Condition

Corresponds to: HAP

Text:

§482.41 Condition of Participation: Physical Environment

The hospital must be constructed, arranged, and maintained to ensure the safety of the patient, and to provide facilities for diagnosis and treatment and for special hospital services appropriate to the needs of the community.

CoP Standard	Tag	Corresponds to	Deficiency
§482.41(a)	A-0701	HAP - EC.02.06.01/EP1	Condition
§482.41(b)	A-0709	HAP - EC.02.03.01/EP1	Standard
§482.41(b)(1)(ii)	A-0710	HAP - LS.02.01.30/EP11	Standard
§482.41(b)(1)(i)		HAP - EC.02.03.03/EP3, LS.02.01.10/EP7, EP10, LS.02.01.30/EP18, LS.02.01.35/EP4, EP6	Standard

CoP:

§482.51

Tag: A-0940

Deficiency: Standard

Corresponds to: HAP - IC.02.02.01/EP2

Text:

§482.51 Condition of Participation: Surgical Services

If the hospital provides surgical services, the services must be well organized and provided in accordance with acceptable standards of practice. If outpatient surgical services are offered the services must be consistent in quality with inpatient care in accordance with the complexity of services offered.

Requirements for Improvement - Detail

Chapter:

Environment of Care

Program:

Hospital Accreditation

Standard:

EC.02.03.01

Standard Text:

The hospital manages fire risks,

Element(s) of Performance:

1. The hospital minimizes the potential for harm from fire, smoke, and other products of combustion.

Likelihood to Cause Harm:

Moderate

Scope:

Pattern

Observation(s):

EP 1

§482.41(b) - (A-0709) - §482.41(b) Standard: Life Safety from Fire

The hospital must ensure that the life safety from fire requirements are met.

This Standard is NOT MET as evidenced by:

Observed in Building Tour at (401 Sewell Road, Sparta, TN) site for the Hospital deemed service. The kitchen range hood filters contained a lot of grease and other material.

Chapter:

Environment of Care

Program:

Hospital Accreditation

Standard:

EC.02.03.03

Standard Text:

The hospital conducts fire drills.

Element(s) of Performance:

3. When quarterly fire drills are required, at least 50% are unannounced. Fire drills are held at unexpected times and under varying conditions. Fire drills include transmission of fire alarm signal and simulation of emergency fire conditions.

Note 1: When drills are conducted between 9:00 P.M. and 6:00 A.M., the hospital may use alternative methods to notify staff instead of activating audible alarms.

Note 2: For additional guidance, see NFPA 101-2012: 18/19: 7.1.7; 7.1; 7.2; 7.3.

Likelihood to Cause Harm: Low Scope : Pattern

Observation(s):

EP3

§482.41(b)(1)(i) - (A-0710) - (i) The hospital must meet the applicable provisions and must proceed in accordance with the Life Safety Code (NFPA 101 and Tentative Interim Amendments TIA12–1, TIA 12–2, TIA 12–3, and TIA 12–4.) Outpatient surgical departments must meet the provisions applicable to Ambulatory Health Care Occupancies, regardless of the number of patients served. This Standard is NOT MET as evidenced by:

Observed in Document Review at (401 Sewell Road, Sparta, TN) site for the Hospital deemed service. In 5 of 12 fire drill checks, three of the first quarter 2016 fire drills were on Fridays and within two hours, two of the second quarter fire drills were on Tuesday and at 10:00 PM.

Chapter:

Environment of Care

Program:

Hospital Accreditation

Standard:

EC.02.06.01

Standard Text:

The hospital establishes and maintains a safe, functional environment.

Note: The environment is constructed, arranged, and maintained to foster patient safety, provide facilities for diagnosis and treatment, and provide for special

services appropriate to the needs of the community.

Element(s) of Performance:

 Interior spaces meet the needs of the patient population and are safe and suitable to the care, treatment, and services provided.

Likelihood to Cause Harm:

High

Scope:

WideSpread

Observation(s):

EP 1

§482.41(a) - (A-0701) - §482.41(a) Standard: Buildings

The condition of the physical plant and the overall hospital environment must be developed and maintained in such a manner that the safety and well-being of patients are assured. This Condition is NOT MET as evidenced by:

Observed in Building Tour at (401 Sewell Road, Sparta, TN) site for the Hospital deemed service. In 6 of 6 ligature point checks, there was a flexible water line from the wall to the toilet that could be used as an anchor point in all of the behavioral health patient rooms.

Observed in Individual Tracer at (401 Sewell Road, Sparta, TN) site for the Hospital deemed service. In 2 of 5 patients rooms in geri psych, the surveyor identified a ligature risk existed in the shower with a shower hook. The organization did not identify this in the risk assessment that was provided to the surveyor.

Observed in Individual Tracer at (401 Sewell Road, Sparta, TN) site for the Hospital deemed service. In 3 of 5 geri psych patient rooms, the surveyor identified ligature risks in the bathroom, identified as grab bars in the shower that were open. This was not identified in the risk assessment that was given to the surveyor.

Chapter:

Infection Prevention and Control

Program:

Hospital Accreditation

Standard:

IC.02.02.01

Standard Text:

The hospital reduces the risk of infections associated with medical equipment,

devices, and supplies.

Element(s) of Performance:

2. The hospital implements infection prevention and control activities when doing the following: Performing intermediate and high-level disinfection and sterilization of medical equipment, devices, and supplies. * (See also EC.02.04.03, EP 4) Note: Sterilization is used for items such as implants and surgical instruments. High-level disinfection may also be used if sterilization is not possible, as is the case with flexible endoscopes.

Footnote *: For further information regarding performing intermediate and high-level disinfection of medical equipment, devices, and supplies, refer to the website of the Centers for Disease Control and Prevention (CDC) at http://www.cdc.gov/hicpac/Disinfection_Sterilization/acknowledg.html (Sterilization and Disinfection in Healthcare Settings).

Likelihood to Cause Harm:

High

Scope:

Pattern

Observation(s):

FP 2

§482.51 - (A-0940) - §482.51 Condition of Participation: Condition of Participation: Surgical Services
This Standard is NOT MET as evidenced by:

Observed in Individual Tracer at (401 Sewell Road, Sparta, TN) site for the Hospital deemed service. In 10 of 37 Steris Machine documentation strips, in endoscopy the surveyor identified that the steris documentation failed to indicate if the indicator was positive or negative.

Observed in Individual Tracer at (401 Sewell Road, Sparta, TN) site for the Hospital deemed service. During a patient tracer activity in surgery the surveyor identified that a handle to a screw driver in a double peel pack had the inner wrap crinkled.

Chapter:

Life Safety

Program:

Hospital Accreditation

Standard:

LS.02.01.10

Standard Text:

Building and fire protection features are designed and maintained to minimize the

effects of fire, smoke, and heat.

Element(s) of Performance:

7. Fire-rated doors within walls and floors have functioning hardware, including positive latching devices and self-closing or automatic-closing devices. Gaps between meeting edges of door pairs are no more than 1/8 of an inch wide, and undercuts are no larger than 3/4 of an inch. Fire-rated doors within walls do not have unapproved protective plates greater than 16 inches from the bottom of the door. Blocking or wedging open fire-rated doors is prohibited. (For full text, refer to NFPA 101-2012: 8.3.3.1; NFPA 80-2010: 4.8.4.1; 5.2.13.3; 6.3.1.7; 6.4.5)

Likelihood to Cause Harm: Low Scope : Limited

10. The space around pipes, conduits, bus ducts, cables, wires, air ducts, or pneumatic tubes penetrating the walls or floors are protected with an approved fire-rated material.

Note: Polyurethane expanding foam is not an accepted fire-rated material for this purpose. (For full text, refer to NFPA 101-2012: 8.3.5)

Likelihood to Cause Harm: Low Scope : Limited

Observation(s):

EP 7

§482.41(b)(1)(i) - (A-0710) - (i) The hospital must meet the applicable provisions and must proceed in accordance with the Life Safety Code (NFPA101 and Tentative Interim Amendments TIA12–1, TIA12–2, TIA12–3, and TIA12–4.) Outpatient surgical departments must meet the provisions applicable to Ambulatory Health Care Occupancies, regardless of the number of patients served.

This Standard is NOT MET as evidenced by:

Observed in Building Tour at (401 Sewell Road, Sparta, TN) site for the Hospital deemed service. The fire-rated door on the fire-rated wall between Radiology and Nuclear medicine did not close and latch when tested. This finding was observed during survey activity, but corrected onsite prior to the surveyor's departure.

EP 10

§482.41(b)(1)(i) - (A-0710) - (i) The hospital must meet the applicable provisions and must proceed in accordance with the Life Safety Code (NFPA 101 and Tentative Interim Amendments TIA12–1, TIA 12–2, TIA 12–3, and TIA 12–4.) Outpatient surgical departments must meet the provisions applicable to Ambulatory Health Care Occupancies, regardless of the number of patients served.

This Standard is NOT MET as evidenced by:

Observed in Building Tour at (401 Sewell Road, Sparta, TN) site for the Hospital deemed service. There was an open four inch sleeve through the fire-rated wall, over the doors in the employee entrance corridor, This finding was observed during survey activity, but corrected onsite prior to the surveyor's departure.

Chapter: Life Safety

Program: Hospital Accreditation

Standard: LS.02.01.30

Standard Text: The hospital provides and maintains building features to protect individuals from

the hazards of fire and smoke.

Element(s) of Performance:

11. Corridor doors are constructed to resist the passage of smoke, fitted with positive latching hardware, hinged so that they swing, and the doors do not have ventilating louvers or transfer grills (with the exception of bathrooms, toilets, and sink closets that do not contain flammable or combustible materials). Undercuts are no larger than one inch. Roller latches are prohibited. (For full text, refer to NFPA 101-2012: 18/19.3.6.3.1; 19.3.6.3.4; 18.3.6.3.5; 18/19.3.6.4; 18/19.3.6.5; 19.3.6.3.10; 18/19.3.6.3.11)

Likelihood to Cause Harm: Low Scope : Limited

18. Smoke barriers extend from the floor slab to the floor or roof slab above, through any concealed spaces (such as those above suspended ceilings and interstitial spaces), and extend continuously from exterior wall to exterior wall. All penetrations are properly sealed. (For full text, refer to NFPA 101-2012: 18/19.3.7.3; 8.2.3; 8.5.2; 8.5.6; 8.7)
Note: Polyurethane expanding foam is not an accepted fire-rated

Note: Polyurethane expanding foam is not an accepted fire-rated material for this purpose.

Likelihood to Cause Harm: Low Scope: Limited

Observation(s):

EP 11

§482.41(b)(1)(ii) - (A-0710) - (ii) Notwithstanding paragraph (b)(1)(i) of this section, corridor doors and doors to rooms containing flammable or combustible materials must be provided with positive latching hardware. Roller latches are prohibited on such doors.

This Standard is NOT MET as evidenced by:

Observed in Building Tour at (401 Sewell Road, Sparta, TN) site for the Hospital deemed service. The suite doors in the OR suite near same day surgery were not equipped with positive latching hardware The surveyor discussed the Life Safety deficiency with the organization, and it was determined that the following ILSMs will be implemented until the deficiency has been resolved: EP 8: Increased Surveillance.

EP 18

§482.41(b)(1)(i) - (A-0710) - (i) The hospital must meet the applicable provisions and must proceed in accordance with the Life Safety Code (NFPA101 and Tentative Interim Amendments TIA12–1, TIA 12–2, TIA 12–3, and TIA 12–4.) Outpatient surgical departments must meet the provisions applicable to Ambulatory Health Care Occupancies, regardless of the number of patients served. This Standard is NOT MET as evidenced by:

Observed in Building Tour at (401 Sewell Road, Sparta, TN) site for the Hospital deemed service. There was a 3/4 inch opening, over the doors, in the 1 hour fire/smoke wall near the surgical suite. This finding was observed during survey activity, but corrected onsite prior to the surveyor's departure.

Chapter:

Life Safety

Program:

Hospital Accreditation

Standard:

LS.02.01.35

Standard Text:

The hospital provides and maintains systems for extinguishing fires.

Element(s) of Performance:

4. Piping for approved automatic sprinkler systems is not used to support any other item. (For full text, refer to NFPA 25-2011: 5.2.2.2)

Likelihood to Cause Harm:

Low

Scope:

Limited

6. There are 18 inches or more of open space maintained below the sprinkler deflector to the top of storage.

Note: Perimeter wall and stack shelving may extend up to the

Note: Perimeter wall and stack shelving may extend up to the ceiling when not located directly below a sprinkler head. (For full text, refer to NFPA 101-2012: 18.3.5.1; 19.3.5.3; 9.7.1.1; NFPA 13-2010: 8.5.5.2; 8.5.5.2.1; 8.5.5.3)

Likelihood to Cause Harm:

Low

Scope:

Limited

Observation(s):

EP 4

§482.41(b)(1)(i) - (A-0710) - (i) The hospital must meet the applicable provisions and must proceed in accordance with the Life Safety Code (NFPA 101 and Tentative Interim Amendments TIA12–1, TIA 12–2, TIA 12–3, and TIA 12–4.) Outpatient surgical departments must meet the provisions applicable to Ambulatory Health Care Occupancies, regardless of the number of patients served. This Standard is NOT MET as evidenced by:

Observed in Building Tour at (401 Sewell Road, Sparta, TN) site for the Hospital deemed service. There was cable zip-tied to the automatic sprinkler system in the boiler room. This finding was observed during survey activity, but corrected onsite prior to the surveyor's departure.

EP 6

§482.41(b)(1)(i) - (A-0710) - (i) The hospital must meet the applicable provisions and must proceed in accordance with the Life Safety Code (NFPA 101 and Tentative Interim Amendments TIA12–1, TIA 12–2, TIA 12–3, and TIA 12–4.) Outpatient surgical departments must meet the provisions applicable to Ambulatory Health Care Occupancies, regardless of the number of patients served. This Standard is NOT MET as evidenced by:

Observed in Building Tour at (401 Sewell Road, Sparta, TN) site for the Hospital deemed service. There were items stored within 18 inches of the sprinkler deflectors in the OR storage room near the employee bathroom. This finding was observed during survey activity, but corrected onsite prior to the surveyor's departure.

Chapter:

Medical Staff

Program:

Hospital Accreditation

Standard:

MS.06.01.05

Standard Text:

The decision to grant or deny a privilege(s), and/or to renew an existing privilege

(s), is an objective, evidence-based process.

Element(s) of Performance:

- 2. The hospital, based on recommendations by the organized medical staff and approval by the governing body, establishes criteria that determine a practitioner's ability to provide patient care, treatment, and services within the scope of the privilege(s) requested. Evaluation of all of the following are included in the criteria:
- Current licensure and/or certification, as appropriate, verified with the primary source
- The applicant's specific relevant training, verified with the primary source
- Evidence of physical ability to perform the requested privilege
- Data from professional practice review by an organization(s) that currently privileges the applicant (if available)
- Peer and/or faculty recommendation
- When renewing privileges, review of the practitioner's performance within the hospital

Likelihood to Cause Harm:

Moderate

Scope:

Limited

Observation(s):

EP 2

Observed in Credentialing and Privileging at (401 Sewell Road, Sparta, TN) site.

During review of a physician file the surveyor identified that the license was renewed in 2015 and a primary source verification was not done at the time of the renewal.

Chapter:

Medication Management

Program:

Hospital Accreditation

Standard:

MM.04.01.01

Standard Text:

Medication orders are clear and accurate

Element(s) of Performance:

13. The hospital implements its policies for medication orders.

Likelihood to Cause Harm:

Moderate

Scope:

Pattern

Observation(s):

EP 13

Observed in Individual Tracer at (401 Sewell Road, Sparta, TN) site. In 2 of 6 patient records reviewed, the surveyor identified that the organization did not implement its medication policies. For example the following was identified in the medical record: Morphine PRN, Hydrocodone PRN.

Range orders, Morphine 2-8 mg. every 2-3 hours PRN severe pain.

Chapter:

Medication Management

Program:

Hospital Accreditation

Standard:

MM.05.01.11

Standard Text:

The hospital safely dispenses medications.

Element(s) of Performance:

2. The hospital dispenses medications and maintains records in accordance with law and regulation, licensure, and professional standards of practice.

Note 1: Dispensing practices and recordkeeping include antidiversion strategies.

Note 2: This element of performance is also applicable to sample medications.

Likelihood to Cause Harm:

Moderate

Scope:

Limited

Observation(s):

EP 2

§482.25(a)(3) - (A-0494) - (3) Current and accurate records must be kept of the receipt and disposition of all scheduled drugs.

This Standard is NOT MET as evidenced by:

Observed in Medication Management Tracer at (401 Sewell Road, Sparta, TN) site for the Hospital deemed service.

During the medication management tracer the surveyor identified that the medical surgical unit did not do a narcotic count for the morning shift. This finding was verified by leadership.

Chapter:

National Patient Safety Goals

Program:

Hospital Accreditation

Standard:

NPSG.03.04.01

Standard Text:

Label all medications, medication containers, and other solutions on and off the

sterile field in perioperative and other procedural settings.

Note: Medication containers include syringes, medicine cups, and basins.

Element(s) of Performance:

5. Label each medication or solution as soon as it is prepared, unless it is immediately administered.

Note: An immediately administered medication is one that an authorized staff member prepares or obtains, takes directly to a patient, and administers to that patient without any break in the process.

Likelihood to Cause Harm:

Moderate

Scope:

Limited

Observation(s):

EP 5

Observed in Individual Tracer at (401 Sewell Road, Sparta, TN) site.

During tracer activity in the ED the surveyor observed a nurse draw up Succinylcholine in a syringe gave it to the doctor to administer and the syringe was not labeled.

Chapter:

Provision of Care, Treatment, and Services

Program:

Hospital Accreditation

Standard:

PC.02.01.03

Standard Text:

The hospital provides care, treatment, and services as ordered or prescribed, and

in accordance with law and regulation.

Element(s) of Performance:

1. For hospitals that use Joint Commission accreditation for deemed status purposes: Prior to providing care, treatment, and services, the hospital obtains or renews orders (verbal or written) from a licensed independent practitioner or other practitioner in accordance with professional standards of practice; law and regulation; hospital policies; and medical staff bylaws, rules, and regulations. *

Note: Outpatient services may be ordered by a practitioner not appointed to the medical staff as long as he or she meets the following:

- Responsible for the care of the patient
- Licensed to practice in the state where he or she provides care to the patient or in accordance with Veterans Administration and Department of Defense licensure requirements
- Acting within his or her scope of practice under state law
- Authorized in accordance with state law and policies adopted by the medical staff and approved by the governing body to order the applicable outpatient services

Footnote *: For law and regulation guidance pertaining to those responsible for the care of the patient, refer to 42 CFR 482.12(c).

Likelihood to Cause Harm:

Moderate Limited

Scope:

7. For hospitals that use Joint Commission accreditation for deemed status purposes: The hospital provides care, treatment, and services using the most recent patient order(s).

Likelihood to Cause Harm:

Moderate

Scope:

Limited

Observation(s):

EP 1

Observed in Individual Tracer at (401 Sewell Road, Sparta, TN) site.

During a patient tracer in physical therapy the surveyor identified that the organization did not have orders to evaluate and treat the patient. The only order in the medical record was for a physical therapy referral, the patient was receiving TENS and traction.

EP 7

Observed in Individual Tracer at (401 Sewell Road, Sparta, TN) site.

During a patient tracer the surveyor identified that the organization did not follow the plan of care. For example: the following order was not done: Toradol 30 mg. IV on arrival to PACU.

Chapter:

Provision of Care, Treatment, and Services

The Joint Commission

Program:

Hospital Accreditation

Standard:

PC.02.02.03

Standard Text:

The hospital makes food and nutrition products available to its patients.

Element(s) of Performance:

11. The hospital stores food and nutrition products, including those brought in by patients or their families, using proper sanitation, temperature, light, moisture, ventilation, and security.

Likelihood to Cause Harm:

Low

Scope:

Limited

Observation(s):

EP 11

Observed in Individual Tracer at (401 Sewell Road, Sparta, TN) site. During a patient tracer in surgery the surveyor identified that a refrigerator that contained food for patients was not monitored for three consecutive days.



Official Accreditation Report

Saint Thomas Highlands Hospital, LLC 401 Sewell Road Sparta, TN 38583

Organization Identification Number: 7909

Unannounced Medicare Deficiency Survey: 4/4/2017 - 4/4/2017

The Joint Commission

Report Contents

Executive Summary

Survey Analysis for Evaluating Risk (SAFER™)

All Requirements for Improvement (RFIs) are plotted on the SAFER matrix according to the likelihood the issue could cause harm to patient(s), staff, and/or visitor(s), and the scope at which the RFI is observed. Combined, these characteristics identify a risk level for each RFI, which in turn will determine the level of required post-survey follow up. As the risk level of an RFI increases, the placement of the standard and Element of Performance moves from the bottom left corner to the upper right.

Requirements for Improvement

Observations noted within the Requirements for Improvement (RFI) section require follow up through the Evidence of Standards Compliance (ESC) process (*Please note, if your survey event resulted in a Preliminary Denial of Accreditation status, other follow-up events may apply*). The identified timeframes of submission for each observation are found within the Requirements for Improvement Summary portion of the final onsite survey report. If a follow-up survey is required, the unannounced visit will focus on the requirements for improvement although other areas, if observed, could still become findings. The time frame for performing the unannounced follow-up visit is dependent on the scope and severity of the issues identified within the Requirements for Improvement.

The Joint Commission 147

Executive Summary

Program(s)
Hospital Accreditation

Survey Date(s) 04/04/2017-04/04/2017

Hospital Accreditation:

As a result of the accreditation activity conducted on the above date(s),

there were no Requirements for Improvement identified.

If you have any questions, please do not hesitate to contact your Account Executive.

Thank you for collaborating with The Joint Commission to improve the safety and quality of care provided to patients.

The Joint Commission SAFER™ Matrix Description

All Requirements for Improvement (RFIs) are plotted on the SAFER matrix according to the likelihood the issue could cause harm to patient(s), staff, and/or visitor(s), and the scope at which the RFI is observed. Combined, these characteristics identify a risk level for each RFI, which in turn will determine the level of required post-survey follow up. As the risk level of an RFI increases, the placement of the standard and Element of Performance moves from the bottom left corner to the upper right. The definitions for the Likelihood to Harm a Patient/Staff/Visitor and Scope are as follows:

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SAFER Matrix Placement	Required Follow-Up Activity
HIGH/LIMITED, HIGH/PATTERN, HIGH/WIDESPREAD	60 day Evidence of Standards Compliance (ESC) -ESC will include Who, What, When, and How sections ESC will also include two additional areas surrounding Leadership Involvement and Preventive Analysis Finding will be highlighted for potential review by surveyors on subsequent onsite surveys up to and Including the next full survey
MODERATE/PATTERN, MODERATE/WIDESPREAD	60 day Evidence of Standards Compliance (ESC) -ESC will include Who, What, When, and How sections ESC will also include two additional areas surrounding Leadership Involvement and Preventive Analysis Finding will be highlighted for potential review by surveyors on subsequent onsite surveys up to and including the next full survey
MODERATE/LIMITED, LOW/PATTERN, LOW/WIDESPREAD	60 day Evidence of Standards Compliance (ESC) -ESC will include Who, What, When, and How sections
LOW/LIMITED	60 day Evidence of Standards Compliance (ESC) -ESC will include Who, What, When, and How sections

Note: If an Immediate Threat to Health and Safety, also known as Immediate Threat to Life (ITL), is discovered during a survey, the arganization immediately receives a preliminary denial of accreditation (PDA) and, within 72 hours, must either entirely eliminate that ITL or implement emergency interventions to abate the risk to patients (with a maximum of 23 days to totally eliminate the ITL). Please see the Accreditation Process Chapter within the Comprehensive Accreditation Manual for more information.

The Joint Commission SAFER Matrix

As a result of the accred the SAFER matrix is not	ditation activity col t applicable and w	nducted, there were no rill not appear within th	o Requirements fo ne report.	er Improvement ident	ified; therefore,
*					

The Joint Commission 150

Requirements for Improvement – Summary

Observations noted within the Requirements for Improvement (RFI) section require follow up through the Evidence of Standards Compliance (ESC) process. The timeframe assigned for completion is due in 60 days. (Please note: If your survey event resulted in a Preliminary Denial of Accreditation status, your organization may need to submit a Plan Of Correction in 10 days or an ESC in 45 days.) The identified timeframes of submission for each observation are found within the Requirements for Improvement Summary portion of the final onsite survey report. If a follow-up survey is required, the unannounced visit will focus on the requirements for improvement although other areas, if observed, could still become findings. The time frame for performing the unannounced follow-up visit is dependent on the scope and severity of the issues identified within the Requirements for Improvement.

As a result of the accreditation activity conducted, there were no Requirements for Improvement identified.

Tab 16

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Attachment Section B-D2

Plan of Correction



June 14, 2017

Mr. Robert Wachtel, Administrator Saint Thomas Highlands Hospital 401 Sewell Dr Sparta TN 38583

RE: 44-0192

Dear Mr. Wachtel:

The East Tennessee Region of Health Care Facilities conducted a complaint investigation on April 19 - May 1, 2017. A desk review was conducted, based on that review; we are accepting your plan of correction and are assuming that your facility is in compliance with all participation regulrements as of June 14, 2017.

If you have any questions, please contact the East Tennessee Regional Office by phone: 865-594-9396 or by fax: 865-594-5739.

Sincerely.

7 anna 7 urberville/cw

Tamra Turberville, RN, MSN
Public Health Regional Regulatory Program Manager

TT: cW

TN00039426, TN00039629, TN00039755, TN00039886



May 03, 2017

Mr. Robert Wachtel, Administrator Saint Thomas Highlands Hospital 401 Sewell Dr Sparta TN 38583

Provider Number: 44-0192

Dear Mr. Wachtel:

Enclosed is the Statement of Deficiencies developed as the result of the complaint investigation conducted at the Saint Thomas Highlands Hospital on April 19 - May 1, 2017. You are requested to submit a Plan of Correction by May 13, 2017 with acceptable time frames for correction of the cited deficiencies. Corrective action must be achieved prior to June 15, 2017.

Please submit the Plan of Correction (POC), by May 13, 2017:

State of Tennessee Department of Health Health Care Facilities 7175 Strawberry Plains Pike, Stc 103 Knoxville TN 37914

Your POC must contain the following:

- What corrective action(s) will be accomplished for those patients found to have been affected by the deficient practice.
- How you will identify other patients having the potential to be affected by the same deficient practice and what corrective action will be taken;
- What measures will be put into place or what systemic changes you will make to ensure that the deficient practice does not recur; and,



Mr. Robert Wachtel May 03, 2017 Page 2

• How the corrective action(s) will be monitored and the person(s) responsible for monitoring to ensure the deficient practice will not recur; i.e., what quality assurance program will be put into place.

Please put your Plan of Correction on the Statement of Deficiencies form in the "Provider's Plan of Correction" column. In the "Completion Date" column of the form, list the date corrective actions have been or will be completed. Please make sure the administrator's signature and date are on the bottom line of the Statement of Deficiencies/Plan of Correction Form.

Please be advised that under the disclosure of survey information provisions, the Statement of Deficiencies will be available to the public.

If you have any questions, please contact this office at (865) 594-9396 or by facsimile at (865) 594-2168.

Sincerely,

Tamra Turberville, RN, MSN

Public Health Regional Regulatory Program Manager

AG) ellivedrut argnot

TT: cw

Enclosure: CMS-2567

TN00039426, TN00039629, TN00039755, TN00039886

PRINTED: 05/03/2017

DEPARTMENT OF HEALTH AND HUMAN SERVICES FORM APPROVED CENTERS FOR MEDICARE & MEDICAID SERVICES OMB NO. 0938-0391 STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION (X1) PROVIDER/SUPPLIER/GLIA IDENTIFICATION NUMBER: (X2) MULTIPLE CONSTRUCTION (X3) DATE SURVEY COMPLETED A. BUILDING_ C B. WING 440192 05/01/2017 NAME OF PROVIDER OR SUPPLIER STREET ADDRESS, CITY, STATE, ZIP CODE 401 SEWELL DR SAINT THOMAS HIGHLANDS HOSPITAL **SPARTA, TN 38583 SUMMARY STATEMENT OF DEFICIENCIES** PROVIDER'S PLAN OF CORRECTION (X5) COMPLETION (X4) ID (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE (EACH DEFICIENCY MUST BE PRECEDED BY FULL PREFIX PREFIX REGULATORY OR LSC IDENTIFYING INFORMATION) TAG TAG DEFICIENCY) A 000 A 000 INITIAL COMMENTS During investigations of complaint #39886. #39755, #39629, and #39426 completed on 5/1/17 at Saint Thomas Highlands Hospital. deficiencies were aited related to complaint #39426 under 42 CFR Part 482, Requirements for Acute Care Hospitals. 482.11(a) COMPLIANCE WITH LAWS A 021 A 021 The hospital must be in compliance with applicable Federal laws related to the health and safety of patients. This STANDARD is not met as evidenced by: Based on review of facility policy, medical record reviews, and interviews, the facility failed to report allegations of abuse for two patients (#5 and #9) of 11 patients reviewed. The findings included: Review of facility policy Abuse and Neglect of Patients, dated 11/2015, revealed "...Other agencies and organizations may also have obligations to investigate allegations of abuse or neglect. These included various hospital accreditation agencies, as well as local, state, and federal governmental agencies...The Hospital will cooperate and coordinate with these or other agencies as requested and as required by laws and regulations..." Medical record review revealed Patient #5 was admitted to the facility's geriatric behavioral unit on 7/9/16 with diagnosis of Chronic Obstructive

Any deficiency statement ending with an asterisk (*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are clied, an approved plan of correction is requisite to continued program participation.

TITLE

STAG (BX)

Pulmonary Disease with Acute Exacerbation (a

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

DEPARTMENT OF HEALTH AND HUMAN SERVICES CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 05/03/2017 FORM APPROVED OMB NO. 0938-0391

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A 021	suddenly), Alzheime the brain), and Chro blood pressure). Co	ge 1 which has worsened which has worsened or's Dementia (a disease of onic Hypertension (elevated ontinued review revealed the ged to a skilled nursing facility	AQ	21			
	Assessment note da revealed "Pt's son Worker] that he hit t	ew of a Case Management ated 7/13/16 at 9:46 AM admitted to SW [Social the pt [patlent] across the face Illing out IV [intravenous line]					
	4/24/17 at 10:10 ÅM Officer's (CNO) officer's	nent (ED). Continued ne incident was not witnessed iff nor was it reported to the t. Further interview revealed orted to Adult Protective the local police. Continued ne allegation was not reported					
er.	(LMSVV) #1 on 4/24/ office, revealed she incident. Continued interviewed the patie granddaughter report the patient's son admother). Further intervas not witnessed by	sed Medical Social Worker 17 at 9L43 AM, in the CNO's remembered the case interview revealed she ent's son after the patient's red the alleged abuse and nitted he hit the patient (his erview revealed the incident y staff and was not reported of the staff. Continued					

PRINTED: 05/03/2017 DEPARTMENT OF HEALTH AND HUMAN SERVICES FORM APPROVED CENTERS FOR MEDICARE & MEDICAID SERVICES OMB NO. 0938-0391 STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION (X1) PROVIDER/SUPPLIER/CLIA (X2) MULTIPLE CONSTRUCTION (X3) DATE SURVEY IDENTIFICATION NUMBER, COMPLETED A. BUILDING 440192 B. WING 05/01/2017 NAME OF PROVIDER OR SUPPLIER STREET ADDRESS, CITY, STATE, ZIP CODE 401 SEWELL DR SAINT THOMAS HIGHLANDS HOSPITAL **SPARTA, TN 38583** SUMMARY STATEMENT OF DEFICIENCIES PROVIDER'S PLAN OF CORRECTION lD (X!) COMPLETION (X4) ID PREFIX (EACH DEFICIENCY MUST BE PRECEDED BY FULL (EACH CORRECTIVE ACTION SHOULD BE PREFIX DATE REGULATORY OR LSC IDENTIFYING INFORMATION) TAG CROSS-REFERENCED TO THE APPROPRIATE TAG DEFICIENCY) A 021 Continued From page 2 A 021 interview confirmed the incident was reported to APS and the local police, but the facility failed to report the incident to federal or state agencies. Interview with the CNO on 4/19/17 at 2:30 PM, in her office, confirmed the facility reported the incident to APS and the local police, but failed to report the allegation to federal and state agencies and the failed to comply with applicable laws. Medical record review revealed Patient #9 was admitted to the hospital on 8/19/16 to the Senior Care Unit with diagnosis of Major Neurocognitive Impairment with Psychosis and Behavioral Disturbances. Further review revealed the patient was discharged home in stable condition with her family on 8/31/16. Interview with Social Worker (SW) #2 on 4/24/17 at 9:10 AM, in the CNO's office, revealed Nurse Aide (NA) #2 reported to SW #2 an incident of verbal abuse by NA#1 to Patient #9. Continued interview revealed NA #2 was in the process of termination from employment at the facility for

authorities.

poor job performance when she made the allegation against NA#1, and NA#1 and NA#2 had developed an enmity relationship. Further interview confirmed the allegation of abuse was not reported to federal and state agencies.

Interview with RN/Charge Nurse #1 on 4/24/17 at 9:45 AM, in the CNO's office, confirmed the facility failed to report the incident to applicable

Interview with the CNO on 4/24/17 at 11:30 PM, in her office, confirmed the allegation of abuse incident was not reported to federal and state agencies and the facility failed to follow applicable

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A 143	 482.13(c)(1) PATIEI PRIVACY	NT RIGHTS: PERSONAL	A 1	43				
	The patient has the	right to personal privacy.						
	Based on review of facility documentation	not met as evidenced by: facility policy, review of on, and interview, the facility rights of 1 patient (#11) of 11						
	The findings include	od:						
	Responsibilities, dat have the right to priv	licy Patient Rights and red 4/2013, revealed "You vate and confidential care, communications"						
	[named Nurse Aid]" Nurse (RN) #1, not of August 15 [2016]a had videotaped a pe [Nurse Aide #1] was	document "Conversations with completed by Registered dated, revealed "Week of illegation that [Nurse Aid #1] atient screaming in the ICU. called in and said she had its was verified by [RN #3]"						
	4/24/17 at 12:05 PM	with Nurse Aide (NA) #1 on confirmed revealed NA #1 rding of a confused patient						
	Interview with RN #1	on 4/24/17 at 9:45 AM, in						

PRINTED; 05/03/2017 DEPARTMENT OF HEALTH AND HUMAN SERVICES FORM APPROVED CENTERS FOR MEDICARE & MEDICAID SERVICES OMB NO. 0938-0391 STATEMENT OF DEFICIENCIES (X1) PROVIDER/SUPPLIER/GLIA (X2) MULTIPLE CONSTRUCTION (X3) DATE SURVEY AND PLAN OF GORRECTION IDENTIFICATION NUMBER: COMPLETED A. BUILDING_ B. WING 440192 05/01/2017 NAME OF PROVIDER OR SUPPLIER STREET ADDRESS, CITY, STATE, ZIP CODE 401 SEWELL DR SAINT THOMAS HIGHLANDS HOSPITAL **SPARTA, TN 38583** SUMMARY STATEMENT OF DEFICIENCIES PROVIDER'S PLAN OF CORRECTION (X8) COMPLETION DATE ID (X4) ID (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE (EACH DEFICIENCY MUST BE PRECEDED BY FULL PREFIX PREFIX REGULATORY OR LSC IDENTIFYING INFORMATION) TAG TAG DEFICIENCY) A 143 Continued From page 4 A 143 the CNO's office, revealed NA#2 told her NA#1 recorded a video of a confused patient who was acreaming. Continued interview revealed RN#1 interviewed NA#1 and NA#1 admitted to the incident. Further interview confirmed the facility failed to follow facility policy and failed to ensure a patient's right to personal privacy.

Division of Health Care Facilities

PRINTED: 05/03/2017 FORM APPROVED

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	abuse, neglect, and Department of Heal 68-11-211. This Rule is not me Based on review of review, and interview allegations of abuse 11 patients reviewed. The findings include Review of facility po Patients, effective d	all report all incidents of misappropriation to the th in accordance with T.C.A. § as evidenced by: facility policy, medical record w, the facility failed to report of the facility failed to report	H1110	DEFICIENCY)		
	have obligations to in abuse or neglect. The accreditation agenciand federal government cooperate and cagencies as request and regulations" Medical record revet to the facility's geriant 7/9/16 with diagnost Pulmonary Disease (disease of the lung Alzheimer's Dementic Chronic Hypertensic Continued review researce and regulations	nivestigate allegations of nese included various hospital ies, as well as local, state, nental agenciesThe Hospital coordinate with these or other ted and as required by laws alled Patient #5 was admitted tric behavioral health unit on so of Chronic Obstructive with Acute Exacerbation which worsened suddenly), tia (disease of the brain), and on (elevated blood pressure). Wealed the patient was ed nursing facility on 7/25/16.		2.2		(A.)

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

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	(LMSW) #1 on 4/24 office, revealed she Continued interview patient's son after the reported the alleged admitted he hit the interview revealed to the facility. Continuedent was reported but the facility failed Tennessee Depart Interview with the Cher office, confirment	sed Medical Social Worker /17 at 9:43 AM, In the CNO's remembered the incident. It revealed she interviewed the ne patient's granddaughter dabuse and the patient's son patient (his mother). Further he incident was not witnessed interview confirmed the ed to APS and to the police, I to report the incident to the ment of Health. NO on 4/19/17 at 2:30 PM, in the facility failed to report to the Tennessee Department.				

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in her office, confirm facility policy and fai	ned the facility failed to follow led to report the alleged				
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	PROVIDER OR SUPPLIER HOMAS HIGHLANDS SUMMARY STA (EACH DEFICIENCY REGULATORY OR LE Continued From particles of Health. Medical record revie admitted to the hosy Care Unit with diagr Impairment with Psy Disturbances. Furth was discharged hor family on 8/31/16. Interview with Socia at 9:10 AM, in the C Aide (NA) #2 reporte verbal abuse by NA interview revealed N termination from em poor job performance allegation against N had developed an e interview confirmed not reported to the T Health. Interview with RN #* the CNO's office, go was not reported to Health. Interview with the Cl in her office, confirm facility policy and fai	TNP531127 PROVIDER OR SUPPLIER HOMAS HIGHLANDS HOSPITAL SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST DE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION) Continued From page 2 of Health. Medical record review revealed Patient #9 was admitted to the hospital on 8/19/16 to the Senior Care Unit with diagnosis of Major Neurocognitive Impairment with Psychosis and Behavioral Disturbances. Further review revealed the patient was discharged home in stable condition with her family on 8/31/16. Interview with Social Worker (SW) #2 on 4/24/17 at 9:10 AM, in the CNO's office, revealed Nurse Aide (NA) #2 reported to SW #2 an incident of verbal abuse by NA #1 to Patient #9. Continued interview revealed NA #2 was in the process of termination from employment at the facility for poor job performance when she made the allegation against NA #1, and NA #1 and NA #2 had developed an enmity relationship. Further interview confirmed the allegation of abuse was not reported to the Tennessee Department of Health. Interview with RN #1 on 4/24/17 at 9:45 AM, in the CNO's office, confirmed the alleged incident was not reported to the Tennessee Department of	TOP DEPICIENCIES OF CORRECTION XI PROVIDER/SUPPLIER (X2) MULTIP A. BUILDING TNP531127 B. WING	AND PROVIDER OF DEPICIENCIES OF CORRECTION (X1) PROVIDER OR SUPPLIER TNP531127 STREET ADDRESS, CITY, STATE, ZIP CODE 401 SEWELL DR SPARTA, TN 39683 SUMMARY STATEMENT OF DEFICIENCIES (EACH DEPICIENCY MUST DE PRECEDED BY PULL REGULATORY OR LSC IDENTIFYING INFORMATION) Continued From page 2 of Health. Medical record review revealed Patient #9 was admitted to the hospifal on 8/19/16 to the Senior Care Unit with diagnosis of Major Neurocognitive Impairment with Psychosis and Behavioral Disturbances. Further review revealed New 19 and incident of verbal abuse by NA #1 to Patient #9. Was an incident of verbal abuse by NA #1 to Patient #9. Was an incident of verbal abuse by NA #1 to Patient #9. Was an incident of verbal abuse by NA #1 to Patient #9. Was an incident of verbal abuse by NA #1 to Patient #9. Continued the facility for poor Job performance when she made the allegation against NA #1, and NA #1 and NA #2 had developed an enmity relationship. Further interview with RN #1, and NA #1 and NA #2 had developed an enmity relationship. Further interview with allegation of abuse was not reported to the Tennessee Department of Health. Interview with RN #1 on 4/24/17 at 9:45 AM, in the CNO's office, confirmed the allegation incident was not reported to the Tennessee Department of Health. Interview with the CNO on 4/24/17 at 11:30 PM, in her office, confirmed the facility falled to follow facility policy and falled to report the allegaded.	LOF Health Care Facilities OF CORRECTION (X1) PROVIDER/SUPPLIER/CLIA DENTIFICATION NUMBER: TNP531127 B. WING B. WING B. WING COS (X3) DATE COM A. BUILDING: ROULDING: SUMMARY STATEMENT OF DEFICIENCIES (RACH DEFICIENCY) MIST DE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION) CONTINUED From page 2 of Health. Medical record review revealed Patient #9 was admitted to the hospital on 8/19/16 to the Senior Care Unit with diagnosis of Major Neurocognitive Impairment with Psychosis and Behavioral Disturpances. Further review revealed the patient was discharged home in stable condition with her family on 8/31/18. Interview with Social Worker (SW) #2 on 4/24/17 at 9:0 AM, in the CNO's office, revealed Nurse Aide (NA) #2 reported to SW #2 an incident of verbal abuse by NA #1 to Patient #8. Continued interview revealed NA #2 was in the process of termhetion from employment at the facility for poor Job performance when she made the allegation against NA #1, and NA #1 and NA #2 had developed an emmity relationship. Further interview confirmed the allegation of abuse was not reported to the Tennessee Department of Health. Interview with RN #1 on 4/24/17 at 9:45 AM, in the CNO's office, confirmed the allegaded incident was not reported to the Tennessee Department of Health. Interview with the CNO on 4/24/17 at 11:30 PM, in her office, confirmed the facility follow and failed to report the allegaded incident was not reported to the or per the healing and failed to report the allegaded incident was not reported to the Tennessee Department of Health.

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May 03, 2017

Mr. Robert Wachtel, Administrator Saint Thomas Highlands Hospital 401 Sewell Dr Sparta TN 38583

Provider Number: 44-0192

Dear Mr. Wachtel:

Enclosed is the Statement of Deficiencies developed as the result of the complaint investigation conducted at the Saint Thomas Highlands Hospital on April 19 - May 1, 2017. You are requested to submit a Plan of Correction by May 13, 2017 with acceptable time frames for correction of the cited deficiencies. Corrective action must be achieved prior to June 15, 2017.

Please submit the Plan of Correction (POC), by May 13, 2017:

State of Tennessee Department of Health Health Care Facilities 7175 Strawberry Plains Pike, Stc 103 Knoxville TN 37914

Your POC must contain the following:

- What corrective action(s) will be accomplished for those patients found to have been affected by the deficient practice.
- How you will identify other patients having the potential to be affected by the same deficient practice and what corrective action will be taken;
- What measures will be put into place or what systemic changes you will make to ensure that the deficient practice does not recur; and,



Mr. Robert Wachtel May 03, 2017 Page 2

 How the corrective action(s) will be monitored and the person(s) responsible for monitoring to ensure the deficient practice will not recur; i.e., what quality assurance program will be put into place.

Please put your Plan of Correction on the Statement of Deficiencies form in the "Provider's Plan of Correction" column. In the "Completion Date" column of the form, list the date corrective actions have been or will be completed. Please make sure the administrator's signature and date are on the bottom line of the Statement of Deficiencies/Plan of Correction Form.

Please be advised that under the disclosure of survey information provisions, the Statement of Deficiencies will be available to the public.

If you have any questions, please contact this office at (865) 594-9396 or by facsimile at (865) 594-2168.

Sincerely,

Tamra Turberville, RN, MSN

Public Health Regional Regulatory Program Manager

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TT: cw

Enclosure: CMS-2567

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applicable Federal safety of patients. This STANDARD is Based on review or reviews, and Interviallegations of abuse of 11 patients include Review of facility por Patients, dated 11/2 agencies and organobilgations to investinglect. These includences are patients.	laws related to the health and a not met as evidenced by: facility policy, medical record ews, the facility falled to report a for two patients (#6 and #3) wed. ed: blicy Abuse and Neglect of 2015, revealed " Other algebra have tigete allegations of abuse or uded various hospital			Regional Risk Manager. Reporting to all ent will be immediate upon knowledge of the suspected abuse, whether or not the allegat substantiated. 2) All Staffwill be re-educated on prevention reporting of abuse thruthe mandatory assign of an on-line education module in Ascension Health's myLearning. This assignment will a review of Saint Thomas Health's policy Aband Neglect of Patlents, including details on chain of command' process expected when reporting suspected abuse incidents. The myLearning education begins May 15, 2017 ends June 14, 2017. Staffrisk suspension if education is not completed timely. Any Staffwork PRN or are currently on FML must computer and suspension of the suspensi	and nment n nclude ouse of the of Tand ithis fwho nplete	June 14, 2017
and federal governi Will cooperate and c agencies as reques and regulations" Medical record revie admitted to the facil on 7/9/16 with diagr Pulmonary Disease	mental agenciesThe Hospital coordinate with these or other sted and as required by laws aw revealed Patient #5 was lity's gerlatric behavioral unit nosis of Chronic Obstructive with Acute Exacerbation (a			3) Saint Thomas Health's policy Abuse and Neglect of Patients will be reviewed in Med Surgical, Case Mgt., ED and Senior Care mandatory staff meetings during the month May. 4) Ongoing, new staff will be educated during orientation after hire.	dical n _. of	June 14, 2017
	PROVIDER OR SUPFLIER TOF DEFICIENCIES OF CORRECTION PROVIDER OR SUPFLIER THOMAS HIGHLANDS SUMMARY STY (EACH DEFICIENCY REGULATORYOR L INITIAL COMMENT During Investigation #39755, #39629, at 5/1/17 at Saint Tho deficiencies were of #39426 under 42 C for Acute Care Hose 482.11(a) COMPLIA The hospital must be applicable Federal safety of patients. This GTANDARD is Based on review or reviews, and Interviallegations of abuse of 11 patients review The findings included Review of facility por Patients, dated 11/2 agencies and organizations to invest neglect. These inclination and federal governation of the facility of the facilit	RS FOR MEDICARE & MEDICAID SERVICES TOF DEFICIENCIES OF CORRECTION (X1) PROVIDER/SUPPLIER/SUPPLIER/SUPPLIER/SUPPLIER/SUPPLIER THOMAS HIGHLANDS HOSPITAL SUMMARY STATEMENT OF DEFICIENCIES (PAOH DEFICIENCY MUST BE PREGISDED BY FULL. REGULATORY OR LSC IDENTIFYING INFORMATION) INITIAL COMMENTS During Investigations of complaint #39886, #39765, #39629, and #39426 completed on 571/17 at Saint Thomas Highlands Hospital, deficiencies were cited related to complaint #39426 under 42 CFR Part 482, Requirements for Acute Care Hospitals. 482.11(a) COMPLIANCE WITH LAWS The hospital must be in compliance with applicable Federal laws related to the health and safety of patients. This STANDARD is not met as evidenced by: Based on review of facility policy, medical record reviews, and Interviews, the facility falled to report allegations of abuse for two patients (#6 and #8) of 11 patients reviewed. The findings included: Review of facility policy Abuse and Neglect of Patients, dated 11/2015, revealed "Other agencies and organizations may also have obligations to investigete allegations of abuse or neglect. These included various hospital accreditation agencies, as well as local, state, and federal governmental agenciesThe Hospital Will cooperate and coordinate with these or other agencies as requested and as required by laws and regulations" Medical record review revealed Patient #5 was admitted to the facility's geriatric behavioral unit on 7/8/16 with diagnosis of Chronic Obstructive Pulmonary Disease with Acute Exacerbation (a	TO F DEFICIENCIES OF CORRECTION (X1) PROVIDER SUPPLIER THOMAS HIGHLANDS HOSPITAL SUMMARY STATEMENT OF DEFICIENCIES (RACH DEPICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION) INITIAL COMMENTS During investigations of complaint #39886, #39765, #39629, and #39426 completed on 5/1/17 at Saint Thomas Highlands Hospital, deficiencies were clied related to complaint #39426 under 42 CFR Part 482, Requirements for Acute Care Hospitals. 482.11(a) COMPLIANCE WITH LAWS The hospital must be in compliance with applicable Federal laws related to the health and safety of patients. 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REGULATORY OR LSG IDENTIFYING INFORMATION) INITIAL COMMENTS During investigations of complaint #39886, #39755, #39829, and #39426 completed on 5/1/17 at Saint Thomas Highlands Hospital, deficiencies were alted related to complaint #39426 under 42 CFR Part 482, Requirements for Acute Care Hospitals. 482.11(a) COMPLIANCE WITH LAWS The hospital must be in compliance with applicable Federal laws related to the health and safety of patients. This STANDARD is not met as evidenced by: Based on review of facility policy, medical record reviews, and Interviews, the facility falled to report allegations of abuse for two patients (#6 and #9) of 11 patients reviewed. The findings included: Review of facility policy Abuse and Neglect of Patients, dated 11/2015, revealed " Other agencies and organizations may also have obligations to investigate allegations of abuse or neglect. These included various hospital accreditation agencies, as well as local, state, and federal governmental agencies The Hospital Will cooperate and coordinate with these or other agencies as requested and as required by laws and regulations" Medical record review revealed Patient #5 was admitted to the facility's geriatric behavioral unit on 7/8/16 with diagnosis of Chronic Obstructive Putmonary Disease with Acute Exacerbation (a	RIS FOR MEDICARE & MEDICAID SERVICES ON TO FORESTION (X) PROVIDERSUPPURINALIA IDENTIFICATION NUMBERS 440192 STREET ADDRESS, CITY, STATE, ZIP CODE 41018CWLL DR SPARTA, TN 3863 SUMMARY STATEMENT OF DEPICIENCIES (20A) DEPTICAINO WIST DE PRECIDED DE VILL REGULATORY OR LSC IDENTIFYING INFORMATION) INITIAL COMMENTS During inventigalions of complaint #39886, #39756, #39829, and #39426 completed on 571/17 at Saint Thomas Highlands Hospital, disticlencies were alted related to complaint #39426 under 42 CFR Part #82, Requiremente for Acute Care Hospitals. 482.11(a) COMPLIANCE WITH LAWS The hospital must be in compliance with applicable Federal laws related to the health and afety of patients. This STANDARD is not met as evidenced by: Based on review of facility policy, medical record reviews, and interviews, the facility stilled to report allegations of subuse for two patients (#6 and #9) of 11 patients reviewed. The findings included: Review of facility policy Abuse and Neglect of Patients, dated '11/2015, revealed " Other agencies and organizations may also have obligations to investigate allegations of abuse or hegielct. These included valvious hospital accreditation agencies, as wall as local, state, and federal governmental agencies. The Hospital Will cooperate and coordinate with these or other agencies are requested and as required by laws and regulations" Medical record review revealed Patient #5 was admitted to the facility's gerialric behavioral unit on 7/8/16 with diagnosis of Chronic Dostructive Pulmonary Disease with Acute Exacerbation (a	CMÉS NO TO F DEFICIENCISS (X) PROVIDER SUPPLIENT (X) PROVIDER SUPPLIENT NUMBER: A40192 ### A40192 ### A40193 ### A40194 ### A40195 ### A40195 ### A40195 ### A40196 ### A40197 ### A40196 ### A40197 ### A40198 ### A40197 ### A40198 ### A40197 #

Any deficiency statement anding with an asterisk (*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguerds provide sufficient protection to the patients. (See instructions.) Except for mureing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

PRINTED: 06/03/2017

		AND HUMAN SERVICES & MEDICAID SERVICES			FORM	0; 06/03/201 /I APPROVE), 0938-039
STATEMEN	TOF DEFICIENCIES OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MULTIP A. BUILDING	LE CONSTRUCTION	(X3) DA	TE SURVEY MPLETED
		440192	B, WING		05	C /01/2017
12/10/1/102/01	PROVIDER OR SUPPLIER HOMAS HIGHLANDS	HOSPITAL	1 4	TREET ADDRESS, CITY, STATE, 101 SEWELL DR BPARTA, TN 38683	ZIP CODE	
(X4) ID PREFIX TAG	(EACH DEFICIENCY	TEMENT OF DEFICIENCIES 'MUST BY PRECEDED BY FULL BC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF (BACH CORRECTIVE AC CROSS-REFERENCED TO DEFICIEN	TION SHOULD BE THE APPROPRIATE	COMPLETION (X2)
A 021	desease of the lung suddenly), Alzhelme the brain), and Chroblood pressure), Copatient was discharg on 7/25/16. Medical record reviet Assassment note de revealed "Pt's son Worker] that he hit to keep her from pul recently" Interview with Regist 4/24/17 at 10:10 AM Officer's (CNO) offic telephone call on 7/1 granddaughter and slapped by the patier Emergency Departminterview revealed the	which has worsened by the price of the price	A 021	5)Monitoring of compliance v	with reporting of ked by Saint Thomas all Operations, thru an ents entered into ident reporting swill be reported by er to the Saint	June 14, 2017
	facility by the patient the incident was repo Services (APS) and	Further interview revealed orted to Adult Protective the local police. Continued allegation was not reported				
	(LMSVV) #1 on 4/24/ office, revealed she inclident. Continued interviewed the patte granddaughter reporthe patient's son administration. Further interviewed by was not witnessed by	ted Medical Social Worker 17 at 9L43 AM, In the CNO's remembered the case Interview revealed she nt's son after the patient's ted the alleged abuse and nitted he hit the patient (his rview revealed the incident y staff and was not reported of the staff, Continued				



If continuation sheet Page 2 of 5

		AND HUMAN SERVICES & MEDICAID SERVICES			FORM	9: 05/03/2017 1 APPROVED 1: 0938-0391
STATEMENT AND PLAN C	OF DEFICIENCIES OF CORRECTION	(X1) PROVIDER(SUPPLIER(CLIA IDENTIFICATION NUMBER,	(X2) MULYIP A. BUILDING	LE CONSTRUCTION	col	TE SIJRVEY MPLETED
		440192	B. WING	18.0	50.0	C /01/2017
NAME OF	PROVIDER OR SUPPLIER			STREET ADDRESS, CITY, STATE. ZIP CODE		
SAINT T	HOMAS HIGHLANDS			101 SEWELL DR SPARTA, TN 38553		
(X4) ID PREI'IX TAG	(EACH DEFICIENCY	TEMENT OF DEFICIENCIES MUST BE PRECEDED BY FULL SC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECT (EACH CORRECTIVE ACTION SHOT CROSS-REPERENCED TO THE APPR DEFICIENCY)	TIÓN ULD BE OPRIATE	(XV) COMPLETION DATE
A 021	APS and the local preport the incident to interview with the C	the incident was reported to olice, but the facility failed to be federal or state agencies. NO on 4/19/17 at 2:30 PM, in	A 021		,	
	incident to APS and report the allegation and the falled to cor Medical record revie admitted to the host Care Unit with diagrimpairment with Psy Disturbances. Furth	the facility reported the the local police, but failed to to federal and state agencies uply with applicable laws. We revealed Patient #9 was pital on 8/19/16 to the Senior nosis of Major Neurocognitive ychosis and Behavioral er review revealed the patient me in stable condition with her				
	at 9:10 AM, in the C Aide (NA) #2 reports verbal abuse by NA interview revealed Natermination from em- poor job performance allegation against Nater the developed an e- interview confirmed	I Worker (SW) #2 on 4/24/17 NO's office, revealed Nurse and to SW #2 an incident of #1 to Patient #9. Continued IA #2 was in the process of aployment at the facility for see when she made the A #1, and NA #1 and NA #2 nmity relationship. Further the allegation of abuse was rail and state agencies.				
	9:45 AM, in the CNC facility falled to repo authorities.	harge Nurse #1 on 4/24/17 at D's office, confirmed the rt the incident to applicable				
	In her office, confirminglent was not rep	NO on 4/24/17 at 11:30 PM, ned the allegation of abuse orted to federal and state cilliv failed to follow applicable				

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		AND HUMAN SERVICES			D: 05/03/2017
	<u>RS FOR MEDICARE</u> TOP DEFICIENCIES	& MEDICAID SERVICES (X1) PROVIDER/SUPPLIER/GLIA	T	OMB N	O. 0938-0391
AND PLAN	OF CORRECTION	IDENTIFICATION NUMBER:	1 ' '	LE CONSTRUCTION (X4) D	ATE SURVEY OMPLETED
		440192	B. WING.		C 5/01/2017
NAME OF	PROVIDER OR SUPPLIER		,	STREET ADDRESS, CITY, STATE, ZIF CODE	0/01/2017
SAINTT	Homas Highlands	HOSPITAL		101 Sewell dr BPARTA, TN 38583	
(X4) ID PREFIX TAG	JEACH DEFICIENCY	TEMENT OF DEFICIENCIES MUST BE PRECEDED BY FULL. BC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	COMPLETION DATE
A 021	Continued From page	ge 3	A 021	POC to address Failure to Comply with Patient's Right to Privacy 1) Every patient has the potential to have their privacy rights violated if the facility's staffs are not knowledgeable about the prevention. All management and leadership at Saint Thomas Highlands have been re-educated on the importance of ensuring patient's rights, especially to	
A 143	PRIVACY	IT RIGHTS: PERSONAL.	A 143		June 14, 2017
	This STANDARD is Based on review of facility documentation falled to protect the patients reviewed. The findings include Review of facility policy policy policy in the findings include Responsibilities, data have the right to priving treatment/personal of the fall of t	not met as evidenced by: facility policy, review of on, and interview, the facility rights of 1 patient (#11) of 11 d: lcy Patient Rights and ad 4/2013, revealed "You ate and confidential are, communications"		will include a review of Saint Thomas Health's policy Patient Rights and Responsibilities, which speaks to the patient's right to private and confidential treatment personal communications All staff will also be re-educated on Saint Thomas Health's policy -Cell Phones and Other Electronic Communication Devices, HR II-04. Saint Thomas Health prohibits the use of camera phones, cameras or tape recorders in the workplace as a preventive step necessary to secure patient and associate privacy and business Information. The myLearning education begins May 15, 2017 and ends June 14, 2017. Staff risk suspension if this education is not completed timely. Any Staff who work PRN or are currently on FML must complete the education before their next scheduled shift.	June 14, 2017
	[named Nurse Ald]" of Nurse (RN) #1, not of August 15 [2016]al had videotaped a parting and the parting and the transport of the parting and the parting an	ocument "Conversations with completed by Registered lated, revealed ",Week of legation fhat [Nurse Ald #1] tient screaming in the ICU. called in and said she had la was verified by [RN #3]. "" with Nurse Alde (NA) #1 on confirmed revealed NA#1 ding of a confused patient on 4/24/17 at 9:45 AM, in		3)SaintThomasHealth'spolicles-PatientRightsand ResponsibilitiesandCellPhonesandOther Electronic CommunicationDevices, HRII-04, willbe reviewedin Medical Surgical, EDandSenlorCare mandatorystaff meetingsduringthemonthofinMay. 4)Newstaffwillbeeducatedduringorientationafter hire andannuallythereafter. 5)Monitoringofcompliancewithreportingof suspected abusewillbetrackedbySaintThomas Highland's DirectorofClinicalOperations, thruweekly Leadership RoundsonSpatientsperweekandongolngweekly reviewofeventsenteredinto AscensionHealth'sERS (inddentreportingsystem). 6)MetricsfromLeadershiproundsandERSevent reportingwillbereportedbySTH'sRegionalRisk ManagertotheSaintThomasHighland'sQuality Council on an ongoing monthity basis.	June 14, 2017 June 14, 2017

FORM CM9-2507 (92-99) Previous Versions Obsolete

Event ID: RTYQ11

Fadlity ID: TNP83 1127

If continuation sheet Page 4 of 5



05/03/2017 WHD 14:48 FAX 8655942168 Dept of Health

	Service Contract Cont	AND HUMAN SERVICES & MEDICAID SERVICES			1965	FORM	: 05/03/2 APPRO : 0938-0
TATEMENT ND PLAN C	OF DEFICIENCIES OF GORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:		LTIPLE CONSTRUCTION DING		CON	E BURVEY MPLETED C
		440192	B, WING				O 101/2017
NAME OF I	ROVIDER OR SUPPLIER	<u> </u>		STREET ADDRESS, CITY, STATE	, ZIP COUC	000	<u> </u>
AAINT T	HOMAS HIGHLANDS	HOSPITAL		401 SEWELL DR			
DAINT II	TOMAS THE CEANDO	HOGHIAL		8PARTA, TN 38583			
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A 143	recorded a video of acreaming. Continu interviewed NA#1 a incident. Further in	evealed NA#2 told her NA#1 a confused patient who was ued interview revealed RN#1 and NA#1 admitted to the terview confirmed the facility by policy and falled to ensure a	A	143	arc 1)		0
	37(02-80) Previous Versione 6	Dbsoleto Event ID:RTYQ11		Fadiliy ID; TNP531 127	If continua		

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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIEIVGLIA (DENTIFICATION NUMBER;	(X2) MULTIP A. BUILDING	(X3) DATE SURVEY COMPLETED		
		TNP631127	B. WING		C 05/01/2017	
AME OF F	ROVIDER OR SUPPLIER	STREET AC	DRESS CITY	STATE, ZIF CODE		
	Homas Highlands	HOSPITAL 401 SEW	,	VIII., 21) OOBL		
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H1110	(8) The hospital sha abuse, neglect, and	Records and Reports all report all incidents of misappropriation to the th in accordance with T.C.A. §	H1110	POC to address 1) Every patient has the potential to be a values if the facility's staffs are not knowle about the prevention. All management an leadership at Saint Thomas Highlands has re-educated on the importance of reporting allegations of abuse to both Federal and Sagencies in compliance with Federal and statues. Re-education has been provided necessity to report any all allegations of all the Saint Thomas Health Risk Director and Regional Risk Manager. Reporting to all elements	dgeable d s been June 14, g any all 2017 State State on the buse to d	
	review, and interviev allegations of abuse 11 patients reviewed The findings include	facility policy, medical record		will be immediate upon knowledge of the suspected abuse, whether or not the alleg substantiated. 2)All Staff will be re-educated on prevention reporting of abuse thru the mandatory assion of an on-line education module in Ascension Health's myLeaming. This assignment will a review of Saint Thomas Health's policy A and Neglect of Patients, including details chain of command' process expected whe reporting suspected abuse incidents. The	on and ignment on include duse June 14,	
	"Other agencies and have obligations to in abuse or neglect. The accreditation agencie and federal government will cooperate and co	ate 11/2016, revealed and organizations may also revealigate allegations of less included various hospital es, as well as local, state, lental agenciesThe Hospital cordinate with these or other ed and as required by laws		myLeaming education begins May 15, 20 ends June 14, 2017. Staff risk suspension education is not completed timely. Any Stawork PRN or are currently on FML must cothe education before their next scheduled 3)Saint Thomas Health's policy Abuse and Neglect of Patients will be reviewed in Mec Surgical, Case Mgt., ED and Senior Care mandatory staff meetings during the month 4)Ongoing, new staff will be educated during the monther than the staff will be educated during the monther than the staff will be educated during the monther than the staff will be educated during the staff will be educated during the monther than the staff will be educated during the staff will be educated during the staff will be educated than the staff will be educated during the staff will be educated during the staff will be educated the staff will b	if this ff who implete shift. June 14, 2017	
	to the facility's geriati 7/9/16 with diagnosts Pulmonery Disease v (disease of the lung v Alzheimer's Dementi Chronic Hypertension Continued review rev	aled Patient #5 was admitted ric behavioral health unit on a of Chronic Obstructive with Acute Exacerbation which worsened suddenly), a (disease of the brain), and n (elevated blood pressure). Vealed the patient was ad nursing facility on 7/25/16.		orientation after hire. 5)Monitoring of compliance with reporting of suspected abuse will be tracked by Saint T Highland's Director of Clinical Operations, weekly Leadership Rounds on 5 patients p and ongoing weekly review of events enter Ascension Health's ERS (incident reporting system). 6)ERS event reporting metrics will be report STH's Regional Risk Manager to the Saint Thomas Highland's Quality Council on an omonthly basis.	homas hru er week June 14, ed into 2017 ted by	

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RTYQ11

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Division	of Health Care Fac	ilitles			1 0,44	MALKOVED
STATEMEN	It of Deficiencies of Correction	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER-	(X2) MULTIPLE CONSTRUCTION A. BUILDING: B. WING			SURVEY PLUTED
		TNP531127			C 05/01/2017	
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H1110	Continued From pa		H1110			
	Assessment note of revealed "Pt's [pater [Social Worker] that the face to keep he [intravenous] [line] Interview with Regil 4/24/17 at 10:10 At Officer's (CNO) officer's (CNO) officephone call on 7 granddaughter, whalapped by the pating interview revealed by any of the ED streported to hospital granddaughter's reconfirmed the Incid Protective Service	stered Nurse (RN) #2 on VI, In the Chief Nursing ice, revealed she received a /11/16 from Patient #5's ich stated the patient was ent's son while the patient was Department (ED). Continued the Incident was not witnessed aff and the Incident was not				
	(LMSW) #1 on 4/24 office, revealed she Continued Interview patient's son after the reported the alleger admitted he hit the Interview revealed to the facility. Continued in the patient was reported.	nsed Medical Social Worker 1/17 at 9:43 AM, in the CNO's remembered the incident, or revealed she interviewed the he patient's granddaughter all abuse and the patient's son patient (his mother). Further the incident was not witnessed ient did not report the incident inued interview confirmed the sel to APS and to the police, it to report the incident to the timent of Health.			æ	
	her office, confirme	NO on 4/19/17 at 2:30 PM, in d the facility falled to report to the Tennessee Department				

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Il confinuation sheet 2 of 3

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NAME OF PROVIDER OR SUPPLIER STREET ADDRESS, CITY, STATE, ZIP CODE 401 SEWELL DR SPARTA, TN 38983 (A) ID PREFIX TAG SUMMARY STATEMENT OF DEFICIENCING REGULATORY OR LEG IDENTIFYING INFORMATION) PREFIX TAG CONUMER TO SUMMARY STATEMENT OF DEFICIENCING REGULATORY OR LEG IDENTIFYING INFORMATION) PREFIX TAG CONUMER TO SUMMARY STATEMENT OF DEFICIENCING REGULATORY OR LEG IDENTIFYING INFORMATION) PREFIX TAG PROVIDER'S PLAN OF CORRECTION REGULATORY OR LEG IDENTIFYING INFORMATION) PREFIX TAG PROVIDER'S PLAN OF CORRECTION REGULATORY OR LEG IDENTIFYING INFORMATION) PREFIX TAG PROVIDER'S PLAN OF CORRECTION REGULATORY OR LEG IDENTIFYING INFORMATION) PROVIDER'S PLAN OF CORRECTION REGULATORY OR LEG IDENTIFYING INFORMATION) PROVIDER'S PLAN OF CORRECTION REGULATORY OR LEG IDENTIFYING INFORMATION) PROVIDER'S PLAN OF CORRECTION REGULATORY OR LEG IDENTIFYING INFORMATION) PROVIDER'S PLAN OF CORRECTION REGULATORY OR SUMPLY OR SHOULD BE IDENTIFYING INCOME. PREFIX TAG PROVIDER'S PLAN OF CORRECTION REGULATORY OR SHOULD BE RECULATION OF CORRECTION REGULATORY OF CORRECTION REGULATORY OR SHOULD BE RECULATION OF CORRECTION REGULATORY TAG PREFIX TAG PROVIDER'S TATLE, ZIP CODE PREFIX TAG PROVIDER'S PLAN OF CORRECTION REGULATORY TAG PREFIX TAG PROVIDER'S PLAN OF CORRECTION REGULATORY TAG PROVIDER OF CORRECTION TAG PREFIX TAG PROVIDER'S PLAN OF CORRECTION TAG PREFIX TAG PROVIDER'S PLAN OF CORRECTION TAG PREFIX TAG PROVIDER'S PLAN OF CORRECTION TAG PREFIX TAG PROVIDER OF CORRECTION TAG PROVIDER'S PLAN OF CORRECTION TAG PROVIDER'S PLAN	PROVE	
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NAME OF PROVIDER OR SUPPLIER SAINT THOMAS HIGHLANDS HOSPITAL (A) 15 SEWELL DR SPARTA, TN 38983 (A) 10 SEWELL DR SUMMARY STATEMENT OF DEFICIENCIES (FAOTH DEFICIENCY MUST DE PRECEDED BY PULL TAG (FROULATORY OR LSC IDENTIFYING INFORMATION) (FROULATION OR SPARTA TO THE APPROPRIATE DEFICIENCY) (FROULATION OR SUMMARY STATEMENT OR THE APPROPRIATE DEFICIENCY) (FROULATION OR SUMARY STATEMENT OR THE APPROPRIATE DEFICIENCY) (FROULATION OR SUMA	2017	
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If continuation sheet 9 of 8

Tab 17

Proof of Publication

HSDA Letter of Intent



State of Tennessee Health Services and Development Agency

Andrew Jackson Building, 9th Floor 502 Deaderick Street Nashville, TN 37243

www.tn.gov/hsda

Phone: 615-741-2364

Fax: 615-741-9884

LETTER OF INTENT

The Publication of Intent is to be publis	shed in the	The Tenness		which is a ne	ewspaper
of general circulation in <u>Davidson, W</u>		(Name of Newsp ing , Tennessee,		06/09 (Month / day)	, 20 <u>17,</u> (Year)
for one day.			=		
This is to provide official notice to taccordance with T.C.A. § 68-11-160 that:					
Saint Thomas Highlands Hosp	ital, LLC		/Cookle T	Hospital Provider	
(Name of Applicant)	Lots Marc Noor		` .	ype-Existing)	
owned by: Saint Thomas Regional Hos				Limited Liability Co	
and to be managed by: Saint Thoma	as Highlands He	<u>ospital, LLC</u> inte	nds to file an	application for a C	Certificate
of Need for [PROJECT DESCRIPTION BEGI	NS HERE]: the ex	cpansion of its e	xisting gerops	sychiatric unit from	ten (10)
beds to fourteen (14) beds at 401	Sewell Road i	n Sparta, TN, 3	8583 (White	County). At the	time this
project is licensed and opens for pat	tients, Saint The	omas Highlands	Hospital will	de-license four (4)	medical-
surgical beds. The project involves	the renovation	of 900 square f	eet of existing	hospital space.	No major
medical equipment is involved. Total	I project costs	are estimated to	be \$358,226.		
The anticipated date of filing the appli	ication is: June	14, 2017			
The contact person for this project is	Blake Estes	(Contact Name)		Executive	Director
who may be reached at: Saint Thom	as Health	(Goritadi Name)	102 \//000	imont Blvd., Suite	800
(Company Name)		·	(Address)		
Nashville	TN	3	7205	615 / 222-7:	235
(City)	(State)	(Z)	p Code)	(Area Code / Pho	one Number)
farfar		6/8/17		Blake.Estes@sth	.ora
(Signature)		(Date)		(E-mail Addres	

The Letter of Intent must be <u>filed in triplicate</u> and <u>received between the first and the tenth</u> day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency Andrew Jackson Building, 9th Floor 502 Deaderick Street Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

HF51 (Revised 01/09/2013 - all forms prior to this date are obsolete)

Tab 18

Proof of Publication

Evidence of Publication

Continued to next column





0002192045

NOTICE OF DISSOLUTION:

NOTICE OF DISSOLUTION:

Pursuant to Tennessee Code Annotated § 48-249-611(c), notice is hereby given that Pohlid, PLLC, a Tennessee limited liability company (the "Company"), has been dissolved and is in the process of winding up and liquidating its business and affairs. All persons with claims against the Company must send their claims to the Company in writing at P.O. Box 1034, Brentwood, TN 37024. The following information must be included in each claim: (1) the name, address, and telephone number of the claimant; the claim and the source of the individual with claim-ant having knowledge of the claim; (3) a description and basis of the claim; (4) the amount of the claim; (5) the date the claim arose; and (6) any documentation substantiating the claim. A claim against the Company will be barred unless a proceeding to enforce the claim is commenced within two (2) years after the publication of this notice. The Company does not admit any claims and reserves the right to deny and reject and any claims submitted.

0002197034

NOTIFICATION OF INTENT TO APPLY FOR A

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-1)-1601 et sea, and the Rules of the Health Services and Development Agency, that Saint Thomas Highlands Hospital, LLC, an existing hospital provider, owned by: Saint Thomas Pagingal, Healths with an ownership type of limited lightlifty fai, LLC, an existing nospital provider, owned by: Saint Infinitial Regional Hospitals, with an awnership type of limited liability company and to be managed by: Saint Thomas Highlands Hospital, LLC inlends to file an application for a Certificate of Need for the expansion of its existing geropsychiatric unit from ten (10) beds to fourteen (14) beds at 401 Sewell Raad in Sparto, T.N. 38583 (White County). At the time this project is licensed and opens for patients, Saint Thomas Highlands Hospital will delicense four (4) medical-surgical beds. The project involves the renovation of 900 square feet of existing hospital space. No major medical equipment is involved. Total project costs are estimated to be \$358,226

mated to be \$358,226. The anticipated date of filing the application is June 14, 2017. The anticipated date of filing the application is June 14, 2017. The contact person for this project is Blake Estes, Executive Director, Planning and Strategy, Saint Thomas Health, who may be reached at Saint Thomas Health, 102 Woodmont Blvd., Suite 800, Nashville, TN 37205, 615-222-7235.

Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing

should be sent to:

Health Services and Development Agency Andrew Jackson Building, 9th Floor 502 Deaderick Street Nashville, Tennessee 37243

BUNCH SERVICE OF SERVICE

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

Supplemental #1 (COPY)

Saint Thomas Highlands Hospital, LLC

CN1706-020



1811

SUPPLEMENTAL #1

June 28, 2017 10:52 am

> 71 Vickery Street Roswell, Georgia 30075 Telephone 770-394-8465 Facsimile 770-394-5470 www.thestrategyhouse.net

June 27, 2017

Via Hand Delivery

Phillip M. Earhart Health Services Development Examiner Health Services and Development Agency Andrew Jackson State Office Building, 9th Floor 502 Deaderick Street, Nashville, TN 37243

RE:

Certificate of Need Application CN1706-020 Saint Thomas Highlands Hospital, LLC

Dear Mr. Earhart:

Thank you for your letter of June 21, 2017 acknowledging the receipt of our June 14, 2017 application for a Certificate of Need for the expansion of an existing geriatric inpatient psychiatric unit at Saint Thomas Highlands Hospital from 10 beds to 14 beds.

The following responses are provided for clarification or additional discussion. As requested, this information has been submitted in triplicate by 12:00 p.m., Wednesday, June 28, 2017.

1. Section A: Project Details Item 6B Plot Plan

The plot plan is noted. However, please provide a revised plot plan that includes the location of the proposed renovation.

RESPONSE: The location of the proposed renovation is contained in the circled area of the revised plot plan. Please refer to **Attachment 1**.

2. Section A: Project Details Item 6B (2) Floor Plan

The floor plan indicates there will be three private rooms renovated. However, the rest of the application indicates there will be two semi-private rooms added. Please clarify.

RESPONSE: Three patient rooms (108, 122 and 123) are located in the left section of the floor plan. These three rooms are <u>not</u> part of the project and are just beyond the existing geropsychiatric rooms (116, 118, 119, 120 and 121) in the right section of the floor plan.

SUPPLEMENTAL #1
June 28, 2017

Mr. Phillip M. Earhart June 27, 2017 Page 2 June 28, 2017 10:52 am

There are two shaded patient rooms in the center of the floor plan, immediately above and below the "Corridor 142" designation. These two rooms will be part of the project.

The entry doors to the geropsychiatric unit will be moved from the right to the left on the floor plan to accommodate the two additional shaded patient rooms.

If approved, how many semi-private rooms and private rooms will be located in the geriatric psychiatric unit?

<u>RESPONSE</u>: Upon approval, Highlands will operate seven semi-private geropsychiatric rooms. The program will not have any private geropsychiatric rooms.

It appears there will be two nurse's stations in the floor plan. Please clarify if both stations will be staffed.

RESPONSE: The nurse's station on the left side of the floor plan is not part of the geropsychiatric program. There is one nurse's station on the right side of the floor plan for the geropsychiatric program.

Please clarify if it is typical to place an employee lounge next to a patient's room.

<u>RESPONSE</u>: The lounge with the staff toilet is not part of the geropsychiatric program. Having a staff lounge in proximity to patient rooms keeps staff accessible to patients whenever needs might arise.

Why is there an employee lounge and an employee break room in the floor plan.

<u>RESPONSE</u>: These particular areas are adjacent to the geropsychiatric program though not part of the program itself.

The floor plan does not include quiet areas, time-out rooms, or a seclusion room. Please clarify.

RESPONSE: Highlands focuses on patient de-escalation techniques to avoid seclusion and restraints. Staff training from the Crisis Prevention Institute (CPI), an international training organization, emphasizes the following alternatives for anxious patients:

- Walk with patients
- Sing to them
- Rub their backs
- Remove them from the dayroom if too stimulating
- Sit with nursing staff
- Allow them to call family
- Visit the locked patio with staff supervision
- Toilet them, provide nourishment, allow them to rest in their room if preferred

June 28, 2017 10:52 am

All these techniques attempt to re-focus the patient. Highlands will even provide PRNs if indicated.

A seclusion room is actually contained on the geropsychiatric floor but it had been labeled as storage. A revised floor plan is provided in **Attachment 2**.

Please clarify if the proposed renovations will accommodate a geriatric population with ambulatory and other physical challenges according to ADA guidelines.

RESPONSE: Yes, the proposed renovations will accommodate a geriatric population with ambulatory and other physical challenges according to ADA guidelines.

3. Section B, Need, Item 2a. Additional Factors/Involuntary Admissions. (Psychiatric Inpatient Services-Service Specific Criteria-)

It is noted the applicant will not accept emergency involuntary admissions. Where are these admissions referred?

<u>RESPONSE</u>: If a true involuntary admission, the patient is referred to Saint Thomas Stones River Hospital, TriStar Skyline Madison or TrustPoint Hospital. If the physician will do a health care surrogate, the patient can be admitted to Highhlands.

4. Section B, Need, Item 2b. Additional Factors TennCare/Indigent. (Psychiatric Inpatient Services-Service Specific Criteria-)

The applicant notes STHH Senior Care Program currently serves and will continue to serve the TennCare and indigent populations. However, there is no charity care in the Historical or Projected Data Charts of the applicant. Please clarify.

RESPONSE: Due to the ages of the patients served in the geropsychiatric service, the vast majority of reimbursement is from Medicare and, to a much lesser degree, TennCare. Charity care is an immaterial amount overall. Please note, however, that this program will continue to follow the Saint Thomas Health indigent and charity care guidelines.

5. Section B, Need, Item 2.d Continuum of Care. (Psychiatric Inpatient Services-Service Specific Criteria-)

The applicant notes patients are referred to other providers, as necessary, for other services in the continuum of care. Please complete the following chart that will indicate the applicant's service area 65+ Geriatric Psychiatric Continuum of Care.

RESPONSE: Information is provided in the chart below. Also, Highlands maintains a geropsychiatric outpatient clinic in addition to its ten-bed inpatient service. If an adult patient, especially aged 55-64, outpatients may be referred to (primarily) Generations Gaithers in McMinnville, Volunteer Behavioral Health in Murfreesboro,

June 28, 2017 10:52 am

Personal Growth and Learning Center in Cookeville or Mental Health Co-Op in Cookeville. Other times, the initial referral source will place the patient.

Provider Name	Intensive Outpatient Program	Partial Hospitalization Program	Inpatient Hospitalization
Senior Perspectives (Crossville)	X	X	
Ten Broeck (Cookeville)	X	X	
Riverside Center at Stones River Hospital (Woodbury)			X

6. Section B, Need, Item 2.j Crisis Stabilization Unit. (Psychiatric Inpatient Services-Service Specific Criteria-)

It is noted the service area has a crisis stabilization unit at Volunteer Behavioral Health in Cookeville. Please clarify if the Cookeville CSU accepts geriatric patients.

RESPONSE: The Cookeville CSU can accept geriatric patients but only if they are independent and ambulatory.

7. Section B, Need, Item 3 Incidence and Prevalence. (Psychiatric Inpatient Services-Service Specific Criteria-)

The applicant notes Van Buren County has a small admission rate for both 2013 and 2015. What is considered "small"?

RESPONSE: "Small" is statistically nonreportable by TDMHSAS.

8. Section B, Need, Item 9 Relationship to Existing Similar Services (Psychiatric Inpatient Services-Service Specific Criteria-)

Please indicate the staffed bed occupancy of the applicant's geriatric inpatient psychiatric unit in 2016.

RESPONSE: The staffed (and licensed) bed occupancy of the applicant's geriatric inpatient psychiatric unit in 2016 was 84.1% based on ten beds.

9. Section B, Need, Item 9 Licensure and Quality Considerations (Psychiatric Inpatient Services-Service Specific Criteria-)

Please indicate how the applicant provides culturally competent services.

June 28, 2017 10:52 am

RESPONSE: Upon admission, the staff at Highlands asks the patient his or her preferences with respect to religion, blood transfusions, food preferences, etc. Staff also has access to translation services if needed. Staff asks if patients would prefer pastoral services and the pastor will visit throughout the week. Staff has made flash cards for communication purposes with respect to aphasia and heritage. Recently, two female patients from Europe were provided tea and sandwiches daily at their customary tea time. Whatever the need, Highlands will attempt to accommodate it.

It is noted the applicant does not utilize patient seclusion or restraints. Please explain why the applicant's inpatient geriatric psychiatric unit patients do not require a seclusion or restraint room. If needed, how are patients physically safely managed?

RESPONSE: Highlands focuses on patient de-escalation techniques to avoid seclusion and restraints. Staff training from the Crisis Prevention Institute (CPI), an international training organization, emphasizes the following alternatives for anxious patients:

- Walk with patients
- Sing to them
- Rub their backs
- Remove them from the dayroom if too stimulating
- Sit with nursing staff
- Allow them to call family
- Visit the locked patio with staff supervision
- Toilet them, provide nourishment, allow them to rest in their room if preferred

All these techniques attempt to re-focus the patient. Highlands will even provide PRNs if indicated.

10. Section B, Need, Item 11 Community Linkage Plan. (Psychiatric Inpatient Services-Service Specific Criteria-)

Please provide the applicant's proposed primary prevention initiatives in the community linkage plan that would address risk factors leading to the increased likelihood of Inpatient Psychiatric Bed usage.

RESPONSE: As indicated in the CON application executive summary, approximately 65% of the geropsychiatric patients at Highlands are diagnosed with dementia or Alzheimer's. These diseases are, unfortunately, a part of the natural aging process. Highlands focuses on early intervention to mitigate these conditions as soon as possible. The Senior Care program provides a 24-hour confidential phone assessment service for patients and families.

If possible, please provide letters from providers (e.g., physicians, mobile crisis teams, and/or managed care organizations) in support of the application that details specific instances of unmet need for geriatric psychiatric inpatient services. Please provide measurable instances of unmet need rather than providing broad statements.

June 28, 2017 10:52 am

RESPONSE: As indicated in the CON application, the Highlands geropsychiatric program operated at 100% utilization 31% of the time and at 90% utilization another 43 % of the time. These measurable data points demonstrate that patients are being turned away. Patient needs are not being met. Highlands will provide additional documentation and testimonials at the Agency meeting when the application will be reviewed.

11. Section B, Need, Renovation and Expansion 3 (a) and 3 (b)

Please address the criteria and standards: Construction, Renovation, and Replacement of Health Care Institutions, items 3 (a) and 3 (b).

RESPONSE: The acceptable existing demand for the proposed project is documented by the very high occupancy of the existing ten-bed unit – over 90% for three-quarters of the time recently and 84.1% for 2016.

At less than \$400,000, this project does not qualify as major renovation. The addition of two semi-private patient rooms to the five existing semi-private patient rooms cannot be accomplished without moving the access/control doors to the geropsychiatric unit and other minor renovations.

12. Section B. Need, Item C

The applicant refers to the 2016 JAR for the table on page 26. The 2016 JAR has not been published by the Department of Health. Please clarify.

RESPONSE: The applicant has completed and submitted the 2016 JAR, including the patient origin information. Though not yet published, it is still based on valid, recent and internal historical information for Highlands.

13. Section B. Need, Item 5

Your response to this item is noted. Please complete the following chart for the applicant's inpatient geriatric psychiatric unit.

RESPONSE: The following information comports with the 2014 - 2016 Joint Annual Reports.

Geriatric Psychiatric	2014	2015	2016	% change from 14-16
Licensed Beds	10	10	10	
Staffed Beds	10	10	10	say the contract of our
Admissions	220	277	271	CARACTERIA DE LA COMO
Patient Days	2,821	3,080	3,069	+8.8%
ADC	7.7	8.4	8.4	
ALOS	12.8	11.1	11.3	world a "The front bank sex
%Staffed Occupancy	77.3%	84.4%	84.1%	And the second
% Licensed Occupancy	77.3%	84.4%	84.1%	+8.8% or 6.8 pct pts

June 28, 2017 10:52 am

14. Section B, Need, Item 6

Please complete the following tables for Year One and Year Two:

RESPONSE: Approximately 93% of the geropsychiatric unit patient volume is for patients aged 65+ while the remaining 7% is for patients aged 55-64. All beds (ten existing plus four proposed) are projected to be utilized equally. There will be a slight drop in utilization in the first year as the four beds come on line, allowing for a conservative ramp up in volume.

Projected Inpatient Utilization

Variable	2018	2019	2018	2019
Ages 65+ Psych	Existing 10	Existing 10	Proposed 4	Proposed 4
Licensed Beds	beds	Beds	Beds	beds
Ages 65+ Psych.	208	271	83	108
Admissions				
Ages 65+ Psych.	2,348	3,064	940	1,228
Pat. Days				
Ages 65+ Psych	11.3	11.3	11.3	11.3
ALOS				
Ages 65+ Psych	6.4	8.4	2.6	3.4
ADC				
Ages 65+ % Lic.	64.3%	84.0%	65.0%	85.0%
Occ.				

15. Section B. Economic Feasibility Item A.5 Architect's Letter

The architect's letter is noted. However, please revise the letter to include an attestation the physical environment will conform to applicable federal standards, licensing agencies' requirements including AIA Guidelines and Design and Construction of Hospital and Health Care facilities in current use by the licensing authority.

RESPONSE: Please see Attachment 3.

16. Section B. Economic Feasibility Item B Funding Letter

Please provide the referenced funding letter.

<u>RESPONSE</u>: Please see Attachment 4 for the Saint Thomas Health funding letter along with the internal financial statements for Saint Thomas West Hospital. As explained in the letter, Saint Thomas Health utilizes a centralized cash management system with the funds reported under the name of Saint Thomas West Hospital.

June 28, 2017 10:52 am

17. Section B. Economic Feasibility Item C (Historical Data Chart)

Please provide a Historical Data Chart for the total facility.

<u>RESPONSE</u>: Please see Attachment 5. The facility was acquired by Saint Thomas Health on August 1, 2015. The fiscal year end of the prior owner was different from that of the current owner.

- 2014 data covers the 12-month calendar year
- 2015 data covers the 7 months through July
- 2016 data covers the 11 months ending in June

Also note that, due to the ownership change, individual line item amounts have been assigned to the application line items appearing to be the most appropriate category.

The applicant refers to the Projected Data Chart rather than the Historical Data Chart on the bottom of page 37. Please correct and submit a replacement page 37 (R-37).

RESPONSE: Please see **Attachment 6** for a corrected page.

The total operating expenses total of \$1,638,878 for Year 2015 appears incorrect. Please correct and submit a revised Historical Data Chart.

RESPONSE: The correct value should be \$1,038,878 rather than \$1,638,878. Please see the attachment above for a corrected page.

18. Section B. Economic Feasibility, Item D, Projected Data Chart

As prescribed in the application, please provide a Projected Data Chart for the total facility.

<u>RESPONSE</u>: Please see Attachment 7 for the total facility. Project-specific data was provided previously.

19. Section B, Economic Feasibility, Item E (1) Project's Average Gross Charge, Average deduction from Operating Revenue, and Average Net Charge

It is unclear how the applicant calculated the gross charge, deduction from revenue, and average net charge for the previous and current year. None of the calculations match the historical data chart. Please clarify.

RESPONSE: The table in question has been reproduced below. Years have been added to the column headings for further clarity. The current year, 2017, has not been reported on the Historical Data Chart. Two numbers in the Previous Year column

June 28, 2017 10:52 am

had a slight rounding "error" of three or four dollars. Corrections have been made here.

	Previous	Current	Year	Year	% Change
Acquire to the second	Year	Year	One	Two	(Current Year to
attaches of the last the	(2016)	(2017)	(2018)	(2019)	Year 2)
Gross Charge (Gross					
Operating Revenue/Utilization	3,430	3,413	3,413	3,413	0%
Data)					
Deduction from Revenue	-				
(Total Deductions/Utilization	1,120	1,139	1,161	1,184	4%
Data)					
Average Net Charge (Net					1
Operating Revenue/Utilization	2,310	2,274	2,252	2,229	-2%
Data)					

20. Section B, Economic Feasibility, Item E. (3)

Please compare the proposed charges of the project to current Medicare allowable fee schedule by common procedure terminology (CPT) codes.

RESPONSE: DRGs are a more appropriate measure for this project, specifically:

- DRG 884 Organic disturbances and mental retardation (\$11,059)
- DRG 885 Psychoses (\$8,973)

Average Medicare "payments" were provided by the American Hospital Directory (ahd.com). This compares to a year one projected gross charge of \$38,567.

21. Section B, Economic Feasibility, Item G. Payor Mix

The applicant is Projecting Gross Operating Revenue of \$1,222,419 in Year One. However, the applicant's past Joint Annual Reports did not indicate TennCare as a funding source. Please clarify.

RESPONSE: Given the facility's change in ownership on August 1, 2015, projections are deemed more reliable. Regardless, the vast majority of the patient reimbursement is expected to come from government payment sources.

22. Section B. Orderly Development, Item C.2

The medical director's qualifications are noted. However, the Tennessee Department of Health's licensure verification web-site indicates the medical director currently has staff privileges in 4 South Carolina Hospitals. Please clarify.

SUPPLEMENTAL #1

June 28, 2017 10:52 am

Mr. Phillip M. Earhart June 27, 2017 Page 10

<u>RESPONSE</u>: As indicated in the Highlands medical director's CV, Dr. Leftwich completed his residency training in South Carolina. The licensure verification data may contain information from this time period.

A notarized affidavit accompanies these responses and is found at **Attachment 8**. On behalf of Saint Thomas Highlands Hospital, we look forward to having this application deemed complete to start the formal review process.

190

Sincerely,

The Strategy House, Inc.

Robert M. Limyansky

Partner

attachments

June 28, 2017 10:52 am

Attachments

- Plot Plan
- 2. Floor Plan
- 3. Architect's Cost Letter
- 4. Funding Letter with Documentation
- 5. Historical Data Chart Total Facility
- 6. Corrected Pages (R-37, R-38)
- 7. Projected Data Chart Total Facility
- 8. Affidavit

June 28, 2017 10:52 am

Attachment 8

10:52 am

AFFIDAVIT

STATE OF TENNESSEE COUNTY OF DAVIDSON NAME OF FACILITY: SAINT THOMAS HIGHLANDS HOSPITAL 1 BLAKE ESTES , after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete. Sworn to and subscribed before me, a Notary Public, this the 2 day of DAVIDS 2witness my hand at office in the County of _< **NOTARY PUBLIC** 2018 My commission expires

HF-0043

Revised 7/02



Supplemental #2 (COPY)

Saint Thomas Highlands Hospital, LLC

CN1706-020

Top of the second secon

SUPPLEMENTAL #2

July 10, 2017 3:53 pm

71 Vickery Street Atlanta, Georgia 30075 Telephone 770-394-8465 Facsimile 770-394-5470 www.thestrategyhouse.net



July 10, 2017

Via Hand Delivery

Phillip M. Earhart
Health Services Development Examiner
Health Services and Development Agency
Andrew Jackson State Office Building, 9th Floor
502 Deaderick Street, Nashville, TN 37243

RE: Certificate of Need Application CN1706-020

Saint Thomas Highlands Hospital, LLC

Dear Mr. Earhart:

Thank you for your letter of June 29, 2017 requesting information for the Certificate of Need for the expansion of an existing geriatric inpatient psychiatric unit at Saint Thomas Highlands Hospital from 10 beds to 14 beds.

This information is being submitted in triplicate, as requested.

1. Section A: Project Details Item 6B (2) Floor Plan

It is noted there are two shaded patient rooms in the center of the floor plan. However, the floor plan does not provide an outline of what is contained in the two rooms. Please provide a legible floor plan of the two rooms the applicant proposes that are part of the proposed project.

<u>RESPONSE</u>: A revised floor plan illustrates the configuration of the two patient rooms. Please refer to **Attachment 1**.

2. Section B, Need, Item 2a. Additional Factors/Involuntary Admissions. (Psychiatric Inpatient Services-Service Specific Criteria-)

It is noted the applicant will refer true emergency involuntary admissions to other inpatient providers. However, it is unclear how designating a health care surrogate

July 10, 2017 3:53 pm

Mr. Phillip M. Earhart July 10, 2017 Page 2

and admitting a patient to Highlands Hospitals is part of the emergency involuntary process. Please clarify.

RESPONSE: The process described is an <u>alternative</u> to a formal involuntary commitment that still results in a patient being admitted to Highlands. By way of explanation, a healthcare surrogate is a person appointed to make medical decisions for a patient when that patient is unable or unwilling to offer consent. The surrogate, rather than the patient, can then consent to having the patient admitted to Highlands. Thus, the patient is still admitted to Highlands under this surrogate process.

3. Section B. Economic Feasibility Item C (Historical Data Chart)

The Historical Data Chart for the total facility is noted in Attachment #5 in Supplemental #1. However, the 2014 Gross Operating Revenue amount of \$112,639,194 is incorrect. Please revise and submit a corrected page 38.

RESPONSE: The \$112,639,194 is correct. Line B.2, however, was reported as \$72,897,755 and should have been \$72,879,755. The transposition error has been corrected. Please refer to **Attachment 2**.

The breakout on page 39 of "other expenses" in the amount of \$2,288,637 in 2014, \$1,289,822 in 2015, and \$3,178,688 in Supplemental #1 is noted. However, the figures do not match the amounts in D.6 in the Historical Data Chart of \$4,324,352 in 2014, \$2,472,023, and \$4,910,255. If necessary, please provide a revised page 39.

<u>RESPONSE</u>: Additional line item details in the "other expense" category are provided. Please refer to **Attachment 2**.

4. Section B. Economic Feasibility, Item D, Projected Data Chart

The Projected Data Chart for the total facility is noted in Attachment #6 of Supplemental #1. However, the 2018 Gross Operating Revenue amount of \$120,905,626 is incorrect. Please revise and submit a corrected page 41.

RESPONSE: The \$120,905,626 is correct. Line B.2, however, was reported as \$81,433,733 and should have been \$81,443,733. The digit error has been corrected. Please refer to **Attachment 3**.

The breakout on page 42 of "other expenses" in the amount of \$5,649,098 for 2018 and \$5,762,080 for 2019 in Supplemental #1 is noted. However, the figures

July 10, 2017 3:53 pm

Mr. Phillip M. Earhart July 10, 2017 Page 3

do not match the amounts in D.6 in the Projected Data Chart of \$7,667,398 for 2018 and \$7,820,746 in 2019.

<u>RESPONSE</u>: Additional line item details in the "other expense" category are provided. Please refer to **Attachment 3**.

A notarized affidavit accompanies these responses and is found at **Attachment 4**. On behalf of Saint Thomas Highlands Hospital, we look forward to having this application deemed complete to start the formal review process.

Sincerely,

The Strategy House, Inc.

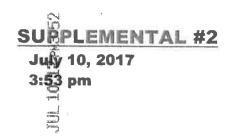
Robert M. Limyansky

Partner

attachments

July 10, 2017 3:53 pm

Attachment 4



AFFIDAVIT

STATE OF TENNESSEE
COUNTY OF DAVIDSO
NAME OF FACILITY: SAINT THOMAS HIGHLANDS HOSPITAL
I, <u>Steven Blake Estes</u> , after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I
have reviewed all of the supplemental information submitted herewith, and that it is true,
accurate, and complete.
Signature/Title
Sworn to and subscribed before me, a Notary Public, this the
NOTARY PUBLIC
My commission expires 01 09 (, 2018.
HF-0043
Revised 7/02 OF TENNESSEE



State of Tennessee Health Services and Development Agency

Andrew Jackson Building, 9th Floor 502 Deaderick Street Nashville, TN 37243

www.tn.gov/hsda

Phone: 615-741-2364

Fax: 615-741-9884

LETTER OF INTENT

The Publication of Intent is to be publi	The Tennessean	which is a newspaper	
of general circulation in <u>Davidson</u> , W		(Name of Newspaper) ing, Tennessee, on or before_	06/09 , 20 <u>17,</u> (Month / day) (Year)
for one day.			
This is to provide official notice to t accordance with T.C.A. § 68-11-160 that:	he Health Servin et seq., and	ices and Development Agenc the Rules of the Health Service	ces and Development Agency
Saint Thomas Highlands Hosp (Name of Applicant)	ital, LLC	(Facility Ty	Hospital Provider ype-Existing)
owned by: Saint Thomas Regional Hos	spitals	with an ownership type of _	Limited Liability Company
and to be managed by: Saint Thoma	as Highlands Ho	ospital, LLC intends to file an	application for a Certificate
of Need for [PROJECT DESCRIPTION BEG	NS HERE]: the ex	cpansion of its existing gerops	sychiatric unit from ten (10)
beds to fourteen (14) beds at 401	Sewell Road in	n Sparta, TN, 38583 (White	County). At the time this
project is licensed and opens for pa	tients, Saint Tho	omas Highlands Hospital will o	le-license four (4) medical-
surgical beds. The project involves	the renovation	of 900 square feet of existing	hospital space. No major
medical equipment is involved. Total	al project costs a	are estimated to be \$358,226.	
The anticipated date of filing the appl	ication is: June	14, 2017	
The contact person for this project is	Blake Estes	(Contact Name)	Executive Director (Title)
who may be reached at: Saint Thom	as Health npany Name)	102 Wood (Address	Imont Blvd., Suite 800
Nashville	TN	37205	615 / 222-7235
(City)	(State)	(Zip Code)	(Area Code / Phone Number)
Jan Jag		6/8/17	Blake.Estes@sth.org
(Signature)	9	(Date)	(E-mail Address)

The Letter of Intent must be <u>filed in triplicate</u> and <u>received between the first and the tenth</u> day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency Andrew Jackson Building, 9th Floor 502 Deaderick Street Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

RULES OF HEALTH SERVICES AND DEVELOPMENT AGENCY

CHAPTER 0720-11 CERTIFICATE OF NEED PROGRAM – GENERAL CRITERIA

TABLE OF CONTENTS

0720-11-.01 General Criteria for Certificate of Need

0720-11-.01 GENERAL CRITERIA FOR CERTIFICATE OF NEED. The Agency will consider the following general criteria in determining whether an application for a certificate of need should be granted:

- (1) Need. The health care needed in the area to be served may be evaluated upon the following factors:
 - (a) The relationship of the proposal to any existing applicable plans;
 - (b) The population served by the proposal;
 - (c) The existing or certified services or institutions in the area;
 - (d) The reasonableness of the service area:
 - The special needs of the service area population, including the accessibility to consumers, particularly women, racial and ethnic minorities, TennCare participants, and low-income groups;
 - (f) Comparison of utilization/occupancy trends and services offered by other area providers;
 - (g) The extent to which Medicare, Medicaid, TennCare, medically indigent, charity care patients and low income patients will be served by the project. In determining whether this criteria is met, the Agency shall consider how the applicant has assessed that providers of services which will operate in conjunction with the project will also meet these needs.
- (2) Economic Factors. The probability that the proposal can be economically accomplished and maintained may be evaluated upon the following factors:
 - (a) Whether adequate funds are available to the applicant to complete the project;
 - (b) The reasonableness of the proposed project costs:
 - (c) Anticipated revenue from the proposed project and the impact on existing patient charges;
 - (d) Participation in state/federal revenue programs;
 - (e) Alternatives considered; and
 - (f) The availability of less costly or more effective alternative methods of providing the benefits intended by the proposal.

- (3) Quality. Whether the proposal will provide health care that meets appropriate quality standards may be evaluated upon the following factors:
 - (a) Whether the applicant commits to maintaining an actual payor mix that is comparable to the payor mix projected in its CON application, particularly as it relates to Medicare, TennCare/Medicaid, Charity Care, and the Medically Indigent;
 - (b) Whether the applicant commits to maintaining staffing comparable to the staffing chart presented in its CON application;
 - (c) Whether the applicant will obtain and maintain all applicable state licenses in good standing;
 - (d) Whether the applicant will obtain and maintain TennCare and Medicare certification(s), if participation in such programs was indicated in the application;
 - (e) Whether an existing healthcare institution applying for a CON has maintained substantial compliance with applicable federal and state regulation for the three years prior to the CON application. In the event of non-compliance, the nature of non-compliance and corrective action shall be considered:
 - (f) Whether an existing health care institution applying for a CON has been decertified within the prior three years. This provision shall not apply if a new, unrelated owner applies for a CON related to a previously decertified facility;
 - (g) Whether the applicant will participate, within 2 years of implementation of the project, in self-assessment and external peer assessment processes used by health care organizations to accurately assess their level of performance in relation to established standards and to implement ways to continuously improve.
 - This may include accreditation by any organization approved by Centers for Medicare and Medicaid Services (CMS) and other nationally recognized programs. The Joint Commission or its successor, for example, would be acceptable if applicable. Other acceptable accrediting organizations may include, but are not limited to, the following:
 - (i) Those having the same accrediting standards as the licensed hospital of which it will be a department, for a Freestanding Emergency Department;
 - (ii) Accreditation Association for Ambulatory Health Care, and where applicable, American Association for Accreditation of Ambulatory Surgical Facilities, for Ambulatory Surgical Treatment Center projects;
 - (iii) Commission on Accreditation of Rehabilitation Facilities (CARF), for Comprehensive Inpatient Rehabilitation Services and Inpatient Psychiatric projects;
 - (iv) American Society of Therapeutic Radiation and Oncology (ASTRO), the American College of Radiology (ACR), the American College of Radiation Oncology (ACRO), National Cancer Institute (NCI), or a similar accrediting authority, for Megavoltage Radiation Therapy projects;
 - (v) American College of Radiology, for Positron Emission Tomography, Magnetic Resonance Imaging and Outpatient Diagnostic Center projects;

- (vi) Community Health Accreditation Program, Inc., Accreditation Commission for Health Care, or another accrediting body with deeming authority for hospice services from CMS or state licensing survey, and/or other third party quality oversight organization, for Hospice projects;
- (vii) Behavioral Health Care accreditation by the Joint Commission for Nonresidential Substitution Based Treatment Center, for Opiate Addiction projects;
- (viii) American Society of Transplantation or Scientific Registry of Transplant Recipients, for Organ Transplant projects;
- (ix) Joint Commission or another appropriate accrediting authority recognized by CMS, or other nationally recognized accrediting organization, for a Cardiac Catheterization project that is not required by law to be licensed by the Department of Health;
- (x) Participation in the National Cardiovascular Data Registry, for any Cardiac Catheterization project;
- (xi) Participation in the National Burn Repository, for Burn Unit projects:
- (xii) Community Health Accreditation Program, Inc., Accreditation Commission for Health Care, and/or other accrediting body with deeming authority for home health services from CMS and participation in the Medicare Quality Initiatives, Outcome and Assessment Information Set, and Home Health Compare, or other nationally recognized accrediting organization, for Home Health projects; and
- (xiii) Participation in the National Palliative Care Registry, for Hospice projects.
- (h) For Ambulatory Surgical Treatment Center projects, whether the applicant has estimated the number of physicians by specialty expected to utilize the facility, developed criteria to be used by the facility in extending surgical and anesthesia privileges to medical personnel, and documented the availability of appropriate and qualified staff that will provide ancillary support services, whether on- or off-site.
- (i) For Cardiac Catheterization projects:
 - Whether the applicant has documented a plan to monitor the quality of its cardiac catheterization program, including but not limited to, program outcomes and efficiencies;
 - Whether the applicant has agreed to cooperate with quality enhancement efforts sponsored or endorsed by the State of Tennessee, which may be developed per Policy Recommendation; and
 - 3. Whether the applicant will staff and maintain at least one cardiologist who has performed 75 cases annually averaged over the previous 5 years (for an adult program), and 50 cases annually averaged over the previous 5 years (for a pediatric program).
- (j) For Open Heart projects:

- 1. Whether the applicant will staff with the number of cardiac surgeons who will perform the volume of cases consistent with the State Health Plan (annual average of the previous 2 years), and whether the applicant will maintain this volume in the future;
- Whether the applicant will staff and maintain at least one surgeon with 5 years of experience;
- 3. Whether the applicant will participate in a data reporting, quality improvement, outcome monitoring, and peer review system that benchmarks outcomes based on national norms, with such a system providing for peer review among professionals practicing in facilities and programs other than the applicant hospital (demonstrated active participation in the STS National Database is expected and shall be considered evidence of meeting this standard):
- (k) For Comprehensive Inpatient Rehabilitation Services projects, whether the applicant will have a board-certified physiatrist on staff (preferred);
- (I) For Home Health projects, whether the applicant has documented its existing or proposed plan for quality data reporting, quality improvement, and an outcome and process monitoring system;
- (m) For Hospice projects, whether the applicant has documented its existing or proposed plan for quality data reporting, quality improvement, and an outcome and process monitoring system;
- (n) For Megavoltage Radiation Therapy projects, whether the applicant has demonstrated that it will meet the staffing and quality assurance requirements of the American Society of Therapeutic Radiation and Oncology (ASTRO), the American College of Radiology (ACR), the American College of Radiation Oncology (ACRO), National Cancer Institute (NCI), or a similar accrediting authority;
- (o) For Neonatal Intensive Care Unit projects, whether the applicant has documented its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring system; whether the applicant has documented the intention and ability to comply with the staffing guidelines and qualifications set forth by the Tennessee Perinatal Care System Guidelines for Regionalization, Hospital Care Levels, Staffing and Facilities; and whether the applicant will participate in the Tennessee Initiative for Perinatal Quality Care (TIPQC);
- (p) For Nursing Home projects, whether the applicant has documented its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring systems, including in particular details on its Quality Assurance and Performance Improvement program. As an alternative to the provision of third party accreditation information, applicants may provide information on any other state, federal, or national quality improvement initiatives;
- (q) For Inpatient Psychiatric projects:
 - Whether the applicant has demonstrated appropriate accommodations for patients (e.g., for seclusion/restraint of patients who present management problems and children who need quiet space; proper sleeping and bathing arrangements for all patients), adequate staffing (i.e., that each unit will be staffed with at least two direct patient care staff, one of which shall be a nurse, at all

- times), and how the proposed staffing plan will lead to quality care of the patient population served by the project;
- Whether the applicant has documented its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring system; and
- 3. Whether an applicant that owns or administers other psychiatric facilities has provided information on satisfactory surveys and quality improvement programs at those facilities.
- (r) For Freestanding Emergency Department projects, whether the applicant has demonstrated that it will satisfy and maintain compliance with standards in the State Health Plan;
- (s) For Organ Transplant projects, whether the applicant has demonstrated that it will satisfy and maintain compliance with standards in the State Health Plan; and
- (t) For Relocation and/or Replacement of Health Care Institution projects:
 - For hospital projects, Acute Care Bed Need Services measures are applicable; and
 - 2. For all other healthcare institutions, applicable facility and/or service specific measures are applicable.
- (u) For every CON issued on or after the effective date of this rule, reporting shall be made to the Health Services and Development Agency each year on the anniversary date of implementation of the CON, on forms prescribed by the Agency. Such reporting shall include an assessment of each applicable volume and quality standard and shall include results of any surveys or disciplinary actions by state licensing agencies, payors, CMS, and any self-assessment and external peer assessment processes in which the applicant participates or participated within the year, which are relevant to the health care institution or service authorized by the certificate of need. The existence and results of any remedial action, including any plan of correction, shall also be provided.
- (v) HSDA will notify the applicant and any applicable licensing agency if any volume or quality measure has not been met.
- (w) Within one month of notification the applicant must submit a corrective action plan and must report on the progress of the plan within one year of that submission.
- (4) Contribution to the Orderly Development of Adequate and Effective Healthcare Facilities and/or Services. The contribution which the proposed project will make to the orderly development of an adequate and effective health care system may be evaluated upon the following factors:
 - (a) The relationship of the proposal to the existing health care system (for example: transfer agreements, contractual agreements for health services, the applicant's proposed TennCare participation, affiliation of the project with health professional schools);
 - (b) The positive or negative effects attributed to duplication or competition; and

- (c) The availability and accessibility of human resources required by the proposal, including consumers and related providers.
- (5) Applications for Change of Site. When considering a certificate of need application which is limited to a request for a change of site for a proposed new health care institution, The Agency may consider, in addition to the foregoing factors, the following factors:
 - (a) Need. The applicant should show the proposed new site will serve the health care needs in the area to be served at least as well as the original site. The applicant should show that there is some significant legal, financial, or practical need to change to the proposed new site.
 - (b) Economic factors. The applicant should show that the proposed new site would be at least as economically beneficial to the population to be served as the original site.
 - (c) Quality of Health Care to be provided. The applicant should show the quality of health care to be provided will be served at least as well as the original site.
 - (d) Contribution to the orderly development of health care facilities and/or services. The applicant should address any potential delays that would be caused by the proposed change of site, and show that any such delays are outweighed by the benefit that will be gained from the change of site by the population to be served.
- (6) Certificate of need conditions. In accordance with T.C.A. § 68-11-1609, The Agency, in its discretion, may place such conditions upon a certificate of need it deems appropriate and enforceable to meet the applicable criteria as defined in statute and in these rules.

Authority: T.C.A. §§ 4-5-202, 4-5-208, 68-11-1605, 68-11-1609, and 2016 Tenn. Pub. Acts Ch. 1043. Administrative History: Original rule filed August 31, 2005; effective November 14, 2005. Emergency rule filed May 31, 2017; effective through November 27, 2017.

CERTIFICATE OF NEED REVIEWED BY THE DEPARTMENT OF HEALTH DIVISION OF POLICY, PLANNING AND ASSESSMENT

615-741-1954

DATE: September 30, 2017

APPLICANT: St. Thomas Highlands Hospitals, LLC

1700 Medical Center Parkway Murfreesboro, Tennessee 37129

CONTACT PERSON: Blake Estes

102 Woodmont Blvd., Suite 800 Nashville, Tennessee 38583

COST: \$358,226

In accordance with Section 68-11-1608(a) of the Tennessee Health Services and Planning Act of 2002, the Tennessee Department of Health, Division of Policy, Planning, and Assessment, reviewed this certificate of need application for financial impact, TennCare participation, compliance with *Tennessee's State Health Plan*, and verified certain data. Additional clarification or comment relative to the application is provided, as applicable, under the heading "Note to Agency Members."

SUMMARY:

Saint Thomas Highlands Hospital, LLC, (STHH) seeks Certificate of Need (CON) approval for the expansion of its existing geropsychiatric unit from 10 to 14 beds at 401 Sewell Road in Sparta (White County) Tennessee 38583. At the time this project is licensed and open for patients, Saint Thomas Highland Hospital will de-license 4 medical-surgical beds. The project involves the renovation of 900 square feet of existing hospital space. No major medical equipment is involved.

The total project cost is \$358,226 and will be funded through cash reserves.

GENERAL CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all of the general criteria for Certificate of Need as set forth in the document *Tennessee's State Health Plan.*

NEED:

The applicant's service area consists of Cumberland, Putnam, Van Buren, and White counties.

Total Population

		i i opalation	
	2017	2021	% Increase
Cumberland	62,847	66,447	5.7
Putnam	80,838	85,086	5.3
Van Buren	5,661	5,690	0.5
White	27,781	28,782	3.6
	177,127	186,005	5.0

Tennessee Population Projections 2000-2021, 2015 Revised UTCBER, Tennessee Department of Health

65+ Population

	os i i opalation					
	2017	2021	% Increase			
Cumberland	20,691	23,896	15.5			
Putnam	14,160	16,350	15.5			
Van Buren	1,381	1,623	17.5			
White	6,070	6,970	14.8			
	42,302	48,839	15.5			

Tennessee Population Projections 2000-2021, 2015 Revised UTCBER, Tennessee Department of Health

The applicant has been providing geropsychiatric care since 1992. The Senior Care is a unit that provides optimum psychiatric care. The center specializes in working with older adults so that each person is treated as a unique and valuable individual by staff and physicians sensitive to the distinctive needs of seniors. The most common diagnoses are dementia and Alzheimer's (65%) and depression and anxiety (16%).

- The Senior population is growing tin the Upper Cumberland Region
- More patients are suffering from Alzheimer's and dementia, etc.
- Extra capacity at STHH Senior Care will allow more patients to be served.
- Extra capacity at STHH Senior Care will allow patients to be served more quickly.

The Senior Care program is the only such inpatient care program in the four county service area. STHH provides care to uninsured and low-income populations as well as TennCare patients. As a geropsychiatric program, the patient population is mostly Medicare patients and patients with medical comorbidities.

According to the applicant, the Senior Care program has experienced steady growth over the last three years (12.5%). The unit recorded 2,821 patient days in 2014, 3,080 in 2015, and 3,175 in 2016. The average daily census increased from 7.7 to 8.4 to 8.7 over the same time period. With 10 beds, this amounts to utilization rates of 77%, 84%, and 87%, respectively. The licensed and staffed occupancy of the geriatric inpatient psych unit in in 2016 was 84.1% for 10 beds.

Recent data for the 181 days ending April 30, 2017 indicates the Senior Care program operated at 90% to 100% capacity three-quarters of the time.

TENNCARE/MEDICARE ACCESS:

The applicant participates in the Medicare and TennCare/Medicaid programs. The applicant contracts with TennCare MCOs AmeriGroup, United Healthcare Community Plan, BlueCare, and TennCare Select.

The applicant projects year one gross Medicare revenues of \$10,824,718 or 89.7% of total gross revenues and TennCare revenues of \$1,222,419 or 10.1% of total gross revenues.

ECONOMIC FACTORS/FINANCIAL FEASIBILITY:

The Department of Health, Division of Policy, Planning, and Assessment have reviewed the Project Costs Chart, the Historical Data Chart, and the Projected Data Chart to determine if they are mathematically accurate and if the projections are based on the applicant's anticipated level of utilization. The location of these charts may be found in the following specific locations in the Certificate of Need Application or the Supplemental material:

Project Costs Chart: The Project Cost Chart is located on page 36 of the application. The total project cost is \$358,226.

Historical Data Chart: The Historical Data Chart is located on page 38R of the application. The applicant reported 5,642, \$5,316, and \$5,088 patient days in 2014, 2015, and 2016, with net operating revenues of \$2,478,780 \$1,486,372, and \$1,860,979 each year, respectively.

Projected Data Chart: The Projected Data Chart is located on page 41 R of the application. The applicant projects 6,306 and 7,373 patient days in years one and two of the project with net operating revenues of \$1,345,412 and \$1,254,046 each year, respectively.

Proposed Charge Schedule

	Previous Year	Current Year	Year One	Year Two	% Change
Gross Charge	\$3430	\$3413	\$3413	\$3413	0%
Average Deduction	\$1120	\$1139	\$1161	\$1184	4%
Average Net Charge	\$2310	\$2274	\$2252	\$2229	-2%

Proposed Staffing

Title		Proposed FTE
RN		11.5
LPN		3.4
Tech		1.9
Rec Therapist		1.0
Social Worker		1.4
Management		1.3
	Total	20.5

Payor Mix Year One

Payor Source	Projected	% of Total
	Gross	
	Operating	
	Revenue	
Medicare/Medicare Managed Care	\$10,824,718	89.7%
TennCare/Medicaid	\$1,222,419	10.1%
Commercial/Other Managed Care	\$17,818	0.2%
Self-Pay		%
Worker's Comp	\$	%
Charity Care	\$	%
Total	\$12,064,954	100%

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE:

The applicant provides a listing of all managed care contracts and existing health care provider relationships on pages 46 and 47 of the application.

The applicant is the only inpatient program of its type in the service area. Converting four existing medical-surgical beds adjacent to the existing ten Senior Care beds will not duplicate resources in the health care system and will better utilize the resources at STHH.

There are no negative effects associated with this project.

The applicant is licensed by the Tennessee Department of Health, Board for Licensing Healthcare Facilities.

QUALITY MEASURES:

STHH is accredited by The Joint Commission.

SPECIFIC CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all relevant specific criteria for Certificate of Need as set forth in the document *Tennessee's State Health Plan.*



STATE OF TENNESSEE STATE HEALTH PLAN CERTIFICATE OF NEED STANDARDS AND CRITERIA

FOR

Psychiatric Inpatient Services

The Health Services and Development Agency (HSDA) may consider the following standards and criteria for applications seeking to provide psychiatric inpatient services. Rationale statements are provided for standards to explain the Division of Health Planning's (Division) underlying reasoning and are meant to assist stakeholders in responding to these Standards and to assist the HSDA in its assessment of certificate of need (CON) applications. Existing providers of psychiatric inpatient services are not affected by these Standards and Criteria unless they take an action that requires a new CON for such services.

These Standards and Criteria are effective immediately upon approval and adoption by the Governor. However, applications to provide psychiatric inpatient services that are deemed complete by the HSDA prior to the approval and adoption of these Standards and Criteria shall be considered under the Guidelines for Growth, 2000 Edition.

The Certificate of Need Standards and Criteria serve to uphold the Five Principles for Achieving Better Health set forth by the State Health Plan. Utilizing the Five Principles for Achieving Better Health during the development of the CON Standards and Criteria ensures the protection and promotion of the health of the people of Tennessee. The State Health Plan's Five Principles for Achieving Better Health are as follows:

- 1. **Healthy Lives:** The purpose of the State Health Plan is to improve the health of people in Tennessee.
- 2. **Access:** People in Tennessee should have access to health care and the conditions to achieve optimal health.

- 3. **Economic Efficiencies:** Health resources in Tennessee, including health care, should be developed to address the health of people in Tennessee while encouraging value and economic efficiencies.
- 4. **Quality of Care:** People in Tennessee should have confidence that the quality of care is continually monitored and standards are adhered to by providers.
- 5. **Workforce:** The state should support the development, recruitment, and retention of a sufficient and quality health workforce.

Definitions

Psychiatric inpatient services: Shall mean the provision of psychiatric and substance services to persons with a mental illness, serious emotional disturbance (children), or substance use diagnosis in a hospital setting, as defined in TCA 33-1-101(14); residential treatment services and crisis stabilization unit services are not included in this definition.

Service Area: The county or counties represented on an application as the reasonable area in which a psychiatric inpatient facility intends to provide services and/or in which the majority of its service recipients reside.

Medical Detox: The intensive 24 hour treatment for service recipients to systematically reduce or eliminate the amount of a toxic agent in the body until the signs and symptoms of withdrawal are resolved. Medical detoxification treatment requires medical and professional nursing services to manage withdrawal signs and symptoms.

This definition applies to general hospital beds, licensed by the Tennessee Department of Health (TDH), in a unit that provides psychiatric treatment services and/or substance use treatment services. These services are provided both while the patient is detoxed and after detox has occurred.

This definition applies to mental health hospital beds, licensed by the Tennessee Department of Mental Health and Substance Abuse Services (TDMHSAS), in a unit that provides psychiatric treatment services and/or substance use treatment services. These services are provided both while the patient is detoxed and after detox has occurred.

Standards and Criteria

1. Determination of Need: The population-based estimate of the total need for

psychiatric inpatient services is a guideline of 30 beds per 100,000 general population, using population estimates prepared by the TDH and applying the applicable data in the Joint Annual Report (JAR). These estimates represent gross bed need and shall be adjusted by subtracting the existing applicable staffed beds including certified beds in outstanding CONs operating in the area as counted by the TDH in the JAR. For adult programs, the age group of 18-64 years shall be used in calculating the estimated total number of beds needed; additionally, if an applicant proposes a geriatric psychiatric unit, the age range 65+ shall be used. For child inpatients, the age group is 12 and under, and if the program is for adolescents, the age group of 13-17 shall be used. The HSDA may take into consideration data provided by the applicant justifying the need for additional beds that would exceed the guideline of 30 beds per 100,000 general population. Special consideration may be given to applicants seeking to serve child, adolescent, and geriatric inpatients. Applicants may demonstrate limited access to services for these specific age groups that supports exceeding the guideline of 30 beds per 100,000 general population. An applicant seeking to exceed this guideline shall utilize TDH and TDMHSAS data to justify this projected need and support the request by addressing the factors listed under the criteria "Additional Factors".

42,302 dvided by 100,000 = .42302 X 30 = 12.6906. minus 10 existing beds = 2.7 beds. The Aged 65 and older need in 2017 is 2.7 beds, increasing to 4.6 beds in 2021.

- **2. Additional Factors:** An applicant shall address the following factors:
 - a. The willingness of the applicant to accept emergency involuntary and non-emergency indefinite admissions;
 - The applicant states they will treat emergency patients who present, but there program is not designed for emergency involuntary and nonemergency indefinite admissions.
 - b. The extent to which the applicant serves or proposes to serve the TennCare population and the indigent population;
 - The applicant currently serves and will continue to serve TennCare patients.
 - c. The number of beds designated as "specialty" beds (including units established to treat patients with specific diagnoses);

The STHH Senior Care program is designed to serve geropsychiatric patients aged 55 and older.

d. The ability of the applicant to provide a continuum of care such as outpatient, intensive outpatient treatment (IOP), partial hospitalization, or refer to providers that do;

The STHH Senior Care program focuses on geropsychiatric inpatients aged 55 and older and refers patients to other providers as necessary for other services in the continuum of care.

e. Psychiatric units for patients with intellectual disabilities;

STHH does not focus on patients with intellectual disabilities.

f. Free standing psychiatric facility transfer agreements with medical inpatient facilities;

Not applicable.

g. The willingness of the provider to provide inpatient psychiatric services to all populations (including those requiring hospitalization on an involuntary basis, individuals with co-occurring substance use disorders, and patients with comorbid medical conditions); and

Although STHH treats emergency patients who present, the geropsychiatric program is not designed for involuntary admissions or individuals with co-occurring substance abuse disorders. Since the STHH Senior Care program is contained in a general acute care facility, certain patients with comorbid medical conditions can be treated.

h. The applicant shall detail how the treatment program and staffing patterns align with the treatment needs of the patients in accordance with the expected length of stay of the patient population.

As an existing provider of geropsychiatric services, STHH Senior Care program maintains treatment protocols and staffing patterns consistent with the treatment needs and the expected length of stay of the patient

population.

i. Special consideration shall be given to an inpatient provider that has been specially contracted by the TDMHSAS to provide services to uninsured patients in a region that would have previously been served by a state operated mental health hospital that has closed.

The applicant is not seeking special consideration.

j. Special consideration shall be given to a service area that does not have a crisis stabilization unit available as an alternative to inpatient psychiatric care.

Not applicable. A crisis team is available at Volunteer Behavioral Health in Cookeville.

3. Incidence and Prevalence: The applicant shall provide information on the rate of incidence and prevalence of mental illness and substance use within the proposed service area in comparison to the statewide rate. Data from the TDMHSAS or the Substance Abuse and Mental Health Services Administration (SAMHSA) shall be utilized to determine the rate. This comparison may be used by the HSDA staff in review of the application as verification of need in the proposed service area.

TDMHSAS Mental Health Admission Rates Per 1,000 Pop Age 18+ July 2016, Update May 2017

	FY2013	FY2014	FY2015
White	1.5	1.0	1.4
Cumberland	0.9	1.1	1.2
Putnam	1.2	1.7	2.3
Van Buren	small	2.9	small
Tennessee	2.2	2.4	2.5

4. Planning Horizon: The applicant shall predict the need for psychiatric inpatient beds for the proposed first two years of operation.

There is a projected need for 4.6 psychiatric inpatient beds for 65+ population in the service area. Based on the 2017 population of 42,302, there is a need for 2.7 psychiatric inpatient beds for the 65+ population in the service area. In 2019m the projected need is 3.7. In addition, 8.5% of the patient utilizing STHH's Senior Care

services are age 55-64 and would generate demand for even more beds.

5. Establishment of Service Area: The geographic service area shall be reasonable and based on an optimal balance between population density and service proximity of the applicant. The socio-demographics of the service area and the projected population to receive services shall be considered. The proposal's sensitivity and responsiveness to the special needs of the service area shall be considered, including accessibility to consumers, particularly women, racial and ethnic minorities, low income groups, other medically underserved populations, and those who need services involuntarily. The applicant may also include information on patient origination and geography and transportation lines that may inform the determination of need for additional services in the region.

The applicant's service area consists of Cumberland, Putnam, Van Buren, and White counties.

	2017	2021	% Increase
Cumberland	62,847	66,447	5.7
Putnam	80,838	85,086	5.3
Van Buren	5,661	5,690	0.5
White	27,781	28,782	3.6
	177,127	186,005	5.0

Tennessee Population Projections 2000-2021, 2015 Revised UTCBER, Tennessee Department of Health

65+ Population

	2017	2021	% Increase
Cumberland	20,691	23,896	15.5
Putnam	14,160	16,350	15.5
Van Buren	1,381	1,623	17.5
White	6,070	6,970	14.8
	42,302	48,839	15.5

Tennessee Population Projections 2000-2021, 2015 Revised UTCBER, Tennessee Department of Health

6. Composition of Services: Inpatient hospital services that provide only substance use services shall be considered separately from psychiatric services in a CON application; inpatient hospital services that address co-occurring substance use/mental health needs shall be considered collectively with psychiatric services. Providers shall also take into account concerns of special populations (including, e.g., supervision of adolescents, specialized geriatric, and patients with comorbid medical conditions).

The composition of population served, mix of populations, and charity care are often affected by status of insurance, TennCare, Medicare, or TriCare;

additionally, some facilities are eligible for Disproportionate Share Hospital payments based on the amount of charity care provided, while others are not. Such considerations may also result in a prescribed length of stay.

Substance abuse services are not offed. The conversion of four med/surg beds is not expected to change the payor mix or charity care.

7. Patient Age Categorization: Patients should generally be categorized as children (0-12), adolescents (13-17), adults (18-64), or geriatrics (65+). While an adult inpatient psychiatric service can appropriately serve adults of any age, an applicant shall indicate if they plan to only serve a portion of the adult population so that the determination of need may be based on that agelimited population. Applicants shall be clear regarding the age range they intend to serve; given the small number of hospitals who serve younger children (12 and under), special consideration shall be given to applicants serving this age group. Applicants shall specify how patient care will be specialized in order to appropriately care for the chosen patient category.

Though the STHH Senior Care program focus on geropsychiatric inpatients aged 65 and older, 8.5% of the patients are 55-64.

8. Services to High-Need Populations: Special consideration shall be given to applicants providing services fulfilling the unique needs and requirements of certain high-need populations, including patients who are involuntarily committed, uninsured, or low-income.

The STHH Senior Care program provides care to all patients including uninsured and low income populations. As a geropsychiatric program, the patient population is highly skewed toward Medicare patients and patients with medical comorbidities.

9. Relationship to Existing Applicable Plans; Underserved Area and Populations: The proposal's relationships to underserved geographic areas and underserved population groups shall also be a significant consideration. The impact of the proposal on similar services in the community supported by state appropriations shall be assessed and considered; the applicant's proposal as to whether or not the facility takes voluntary and/or involuntary admissions, and whether the facility serves acute and/or long-term patients, shall also be assessed and considered. The degree of projected financial participation in the Medicare and TennCare programs shall be considered.

The Senior Care program is the only such inpatient care program in the four county service area. STHH provides care to uninsured and low-income populations as well as TennCare patients. As a geropsychiatric program, the patient population is mostly Medicare patients and patients with medical comorbidities.

Relationship to Existing Similar Services in the Area: The proposal shall discuss what similar services are available in the service area and the trends in occupancy and utilization of those services. This discussion shall also include how the applicant's services may differ from existing services (e.g., specialized treatment of an age-limited group, acceptance of involuntary admissions, and differentiation by payor mix). Accessibility to specific special need groups shall also be discussed in the application.

The Senior Care program is the only such inpatient care program in the four county service area. It provides care to all patients, including uninsured and low-income populations, as well as TennCare patients. As geropsychiatric program, the patient population is highly skewed toward Medicare patients and patients with medical comorbidities.

10. Expansion of Established Facility: Applicants seeking to add beds to an existing facility shall provide documentation detailing the sustainability of the existing facility. This documentation shall include financials, and utilization rates. A facility seeking approval for expansion should have maintained an occupancy rate for all licensed beds of at least 80 percent for the previous year. The HSDA may take into consideration evidence provided by the applicant supporting the need for the expansion or addition of services without the applicant meeting the 80 percent threshold. Additionally, the applicant shall provide evidence that the existing facility was built and operates, in terms of plans, service area, and populations served, in accordance with the original project proposal.

The STHH Senior Care program has been operating at over 80% of capacity. According to the 2016 JAR, the program averaged 84% utilization on 10 beds. More recent data for 181 days ending April 30, 2017 indicates that Senior Care operated at 90% to 100% capacity three-quarters of the time.

11. **Licensure and Quality Considerations:** Any existing applicant for this CON service category shall be in compliance with the appropriate rules of the TDH and/or the TDMHSAS. The applicant shall also demonstrate its accreditation status with the Joint Commission, the Commission on Accreditation of Rehabilitation Facilities (CARF), or other applicable accrediting

agency. Such compliance shall provide assurances that applicants are making appropriate accommodations for patients (e.g., for seclusion/restraint of patients who present management problems, and children who need quiet space). Applicants shall also make appropriate accommodations so that patients are separated by gender in regards to sleeping as well as bathing arrangements. Additionally, the applicant shall indicate how it would provide culturally competent services in the service area (e.g., for veterans, the Hispanic population, and LBGT population).

STHH is currently licensed by the Tennessee Department of Health and is accredited by The Joint Commission. The request to convert four medical-surgical beds to the complement of 10 existing geropsychiatric beds will make it easier to accommodate special patient needs. STHH Senior Care does not utilize seclusion or restraints. STHH provides care to all patients regardless of sex, race, ethnicity or income.

12. Institution for Mental Disease Classification: It shall also be taken into consideration whether the facility is or will be classified as an Institution for Mental Disease (IMD). The criteria and formula involve not just the total number of beds, but the average daily census (ADC) of the inpatient psychiatric beds in relation to the ADC of the facility. When a facility is classified as an IMD, the cost of patient care for Bureau of TennCare enrollees aged 21-64 will be reimbursed using 100 percent state funds, with no matching federal funds provided; consequently, this potential impact shall be addressed in any CON application for inpatient psychiatric beds.

The four bed conversion will not result in a change in classification.

13. Continuum of Care: Free standing inpatient psychiatric facilities typically provide only basic acute medical care following admission. This practice has been reinforced by Tenn. Code Ann. § 33-4-104, which requires treatment at a hospital or by a physician for a physical disorder prior to admission if the disorder requires immediate medical care and the admitting facility cannot appropriately provide the medical care. It is essential, whether prior to admission or during admission, that a process be in place to provide for or to allow referral for appropriate and adequate medical care. However, it is not effective, appropriate, or efficient to provide the complete array of medical services in an inpatient psychiatric setting.

The STHH Senior Care program is not based in a freestanding inpatient psychiatric setting.

14. Data Usage: The TDH and the TDMHSAS data on the current supply and utilization of licensed and CON-approved psychiatric inpatient beds shall be the data sources employed hereunder, unless otherwise noted. The TDMHSAS and the TDH Division of Health Licensure and Regulation have data on the current number of licensed beds. The applicable TDH JAR provides data on the number of beds in operation. Applicants should utilize data from both sources in order to provide an accurate bed inventory.

Data sources were consulted. The ten geropsychiatric beds at STHH are the only psychiatric beds in the service area.

15. Adequate Staffing: An applicant shall document a plan demonstrating the intent and ability to recruit, hire, train, assess competencies of, supervise, and retain the appropriate numbers of qualified personnel to provide the services described in the application and that such personnel are available in the proposed Service Area. Each applicant shall outline planned staffing patterns including the number and type of physicians. Additionally, the applicant shall address what kinds of shifts are intended to be utilized (e.g., 8 hour, 12 hour, or Baylor plan). Each unit is required to be staffed with at least two direct patient care staff, one of which shall be a nurse, at all times. This staffing level is the minimum necessary to provide safe care. The applicant shall state how the proposed staffing plan will lead to quality care of the patient population served by the project.

However, when considering applications for expansions of existing facilities, the HSDA may determine whether the existing facility's staff would continue without significant change and thus would be sufficient to meet this standard without a demonstration of efforts to recruit new staff.

A census of 12.6 patients is projected for year 2 and will require 4.6 more FTEs over the existing 15.9 FTEs. Additional staff will be recruited using the existing resources of both STHH and Saint Thomas Health.

16. **Community Linkage Plan:** The applicant shall describe its participation, if any, in a community linkage plan, including its relationships with appropriate health care system providers/services and working agreements with other related community services assuring continuity of care (e.g., agreements between freestanding psychiatric facilities and acute care hospitals, linkages with providers of outpatient, intensive outpatient, and/or partial

hospitalization services). If they are provided, letters from providers (e.g., physicians, mobile crisis teams, and/or managed care organizations) in support of an application shall detail specific instances of unmet need for psychiatric inpatient services. The applicant is encouraged to include primary prevention initiatives in the community linkage plan that would address risk factors leading to the increased likelihood of Inpatient Psychiatric Bed usage.

The STHH Senior Health Care program currently maintains a census of 90% to 100% three quarter of the time., thus demonstrating effective community linkages. STHH is also a member of Saint Thomas Health and the referral resources available in Nashville.

Three Provider support letters are provided in Tab 7 of Attachment Section B-A-1.

17. **Access:** The applicant must demonstrate an ability and willingness to serve equally all of the patients related to the application of the service area in which it seeks certification. In addition to the factors set forth in HSDA Rule 0720-11-.01(1) (listing the factors concerning need on which an application may be evaluated), the HSDA may choose to give special consideration to an applicant that is able to show that there is limited access in the proposed service area.

As the only inpatient provider of psychiatric services in the four county service area the STHH Senior Care program will strive to meet the growing needs if the community.

18. **Quality Control and Monitoring:** The applicant shall identify and document its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring system. An applicant that owns or administers other psychiatric facilities shall provide information on their surveys and their quality improvement programs at those facilities, whether they are located in Tennessee or not.

The STHH Senior Care program will continue to monitor quality and outcome and report data to the appropriate regulatory and accreditation agencies

19. **Data Requirements:** Applicants shall agree to provide the TDH, the TDMHSAS, and/or the HSDA with all reasonably requested information and statistical data related to the operation and provision of services at the applicant's facility and to report that data in the time and format requested.

As a standard of practice, existing data reporting streams will be relied upon and adapted over time to collect all needed information.

The STHH Senior Care program will continue to monitor quality and outcome and report data to the appropriate regulatory and accreditation agencies

CONSTRUCTION, RENOVATION, EXPANSION, AND REPLACEMENT OF HEALTH CARE INSTITUTIONS

1. Any project that includes the addition of beds, services, or medical equipment will be reviewed under the standards for those specific activities.

The appropriate standards are addressed above.

- 2. For relocation or replacement of an existing licensed health care institution:
 - a. The applicant should provide plans which include costs for both renovation and relocation, demonstrating the strengths and weaknesses of each alternative.
 - b. The applicant should demonstrate that there is an acceptable existing or projected future demand for the proposed project.

Not applicable.

- 3. For renovation or expansions of an existing licensed health care institution:
 - a. The applicant should demonstrate that there is an acceptable existing demand for the proposed project.
 - b. The applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.

Not applicable.